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Table with exchange rates for various countries including Algeria, Argentina, Australia, etc.

ESTABLISHED 1887

PEOPLE The Global Newspaper Edited and Published in Paris...

Two Hunt Brothers For Bankruptcy... Jean Michel Jare...

THE DIPLOMAT... Pierre Salinger...

THE DIPLOMAT... A sign on the door of Press Support Office...

THE DIPLOMAT... Similar statements were made last month by other Palestinian figures...

THE DIPLOMAT... The House approved a bill Friday that would tighten restrictions on textile, apparel and shoe imports...

OLYMPIC PODIUM



It's Mota Mighty in the Marathon, With Kersee Pulling Away... Rosa Mota of Portugal dashed away from the rest of the world's best women distance runners...

Otto Wins Her 4th Gold, and She's Not Done Mining the Pool... Kristin Otto (right), the indefatigable East German, swam to her fourth gold medal Friday...

Matt Biondi of the United States won his third gold, anchoring the United States to a world record in the men's 400-meter freestyle relay...

No Matter How They Tumble, the Soviets Fall Into First... Yelena Shoushounova, taking up where the men on the Soviet Union's team had left off, vaulted into the women's individual all-around gold medal in gymnastics...

It's Better to Be Out to Lunch Than to Be Lynched... A sign on the door of Press Support Office at the boxing venue: "We are sorry we do not know anything. Trouble is, we are also press-related. Nobody wants to talk to us either. Good luck to your effort."

Factions in PLO Narrow Split

Plan to Declare State Would Skirt Recognition of Israel

By Alan Coward... DAMASCUS—After weeks of intense debate, the PLO's Liberation Organization is close to agreeing on a formula for declaring a Palestinian state in the Israeli-occupied West Bank and Gaza Strip...

House Backs Import Curbs

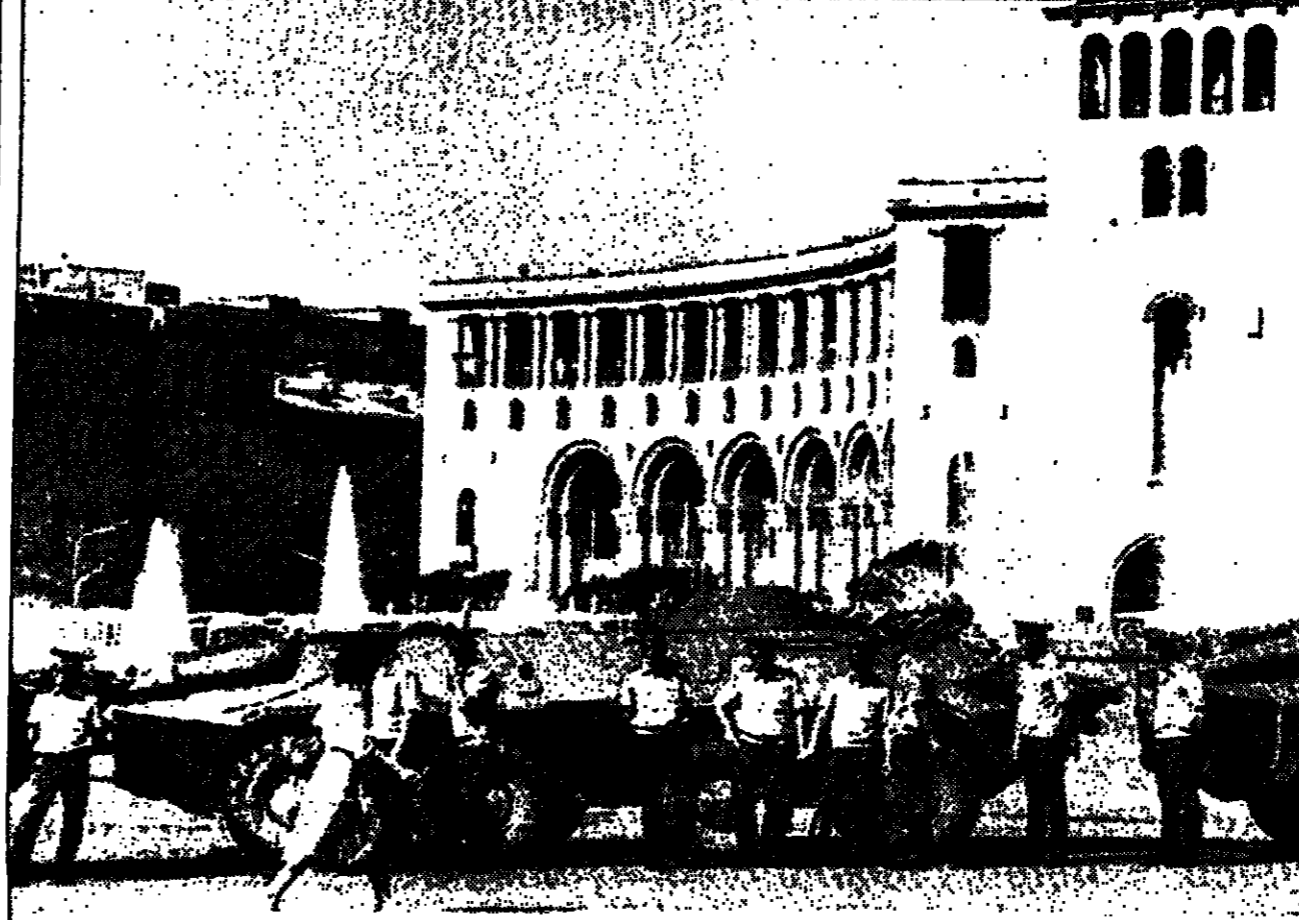
WASHINGTON (AP)—The House approved a bill Friday that would tighten restrictions on textile, apparel and shoe imports...

General News... Tontons Macoutes still terrorizing Haitians... Le Figaro, the combative rightist French daily, links to a new editor to lead it more to the center...

Gorbachev's Armenia Dilemma Deepens

By Bill Keller... MOSCOW—Mikhail S. Gorbachev's predecessors would have known how to handle the tense standoff that now prevails in the southern Soviet republics of Armenia and Azerbaijan...

NEWS ANALYSIS... Armenia was idled by protest strikes that continued despite plaintive appeals from local leaders... The republics were reported calm under military patrol Friday...



Soldiers standing before armored personnel carriers Friday before a central square in the Armenian capital of Yerevan.

Swing Voters: Target in Sunday Debate

By David S. Broder and Richard Morin... WASHINGTON—Vice President George Bush's narrow lead over Governor Michael S. Dukakis in a poll of likely voters lies wholly among the one in four voters who say they might switch by Election Day...

NEWS ANALYSIS... They have made a firm choice and are unlikely to shift... The rest of the voters, the uncertain ones, are people in the middle, according to The Post's analysis of interviews with 1,267 likely voters completed Monday...

Ministers Reject IMF Call on Debt Relief

By Reginald Dale and Carl Gewirtz... BERLIN—The finance ministers of West Germany and the Netherlands, rejecting a call by the head of the International Monetary Fund, said Friday that they opposed the principle of global debt forgiveness for heavily indebted countries...

perity for the developing countries," he said... At separate briefings on Friday, however, Mr. Stoltenberg and Mr. Ruding moved forcefully to reject the notion... "There is no cause to discuss debt forgiveness" for the middle-income countries...

Lebanese Regimes At Odds

Moslems Reject Military Cabinet Left by Gemayel

By Ihsan A. Hijazi... BEIRUT—Two rival governments claimed legitimacy in Lebanon on Friday after President Amin Gemayel's mandate ended, and the country faced the danger of partition along religious lines...

Another alternative is for the Kremlin to jump aboard the train, to co-opt the Armenian nationalist movement, or for it to enter into a working relationship with the leaders of the protest... In Estonia, where a nationalist See ARMENIA, Page 4

The three Moslem members appointed to the six-man military cabinet immediately declined to take part... General Aoun, a career officer, moved into the presidential palace in Beirut's Christian suburb of Baabda after Mr. Gemayel had left...

He announced that he considered his cabinet to be Lebanon's only legitimate authority, and he summoned his ministers to a meeting Saturday at his office... Mr. Hoss released a message that he had sent to Patriarch Nasrallah Sfeir, the senior Christian prelate, saying that the appointment of a cabinet under a Christian violated the national covenant on which the Moslem-Christian power-sharing formula is based...

Mr. Gemayel handed over power to the army commander after the country's unicameral legislature had failed to meet twice in the last five weeks to elect a successor... The 76 Moslem and Christian deputies in the National Assembly were unable to agree on a consensus candidate...

With the deadlock continuing, the speaker, Hussein Housseini, has indefinitely postponed sessions to choose a new head of state... Although a wholesale flare-up of violence has been avoided, the division over the government could still ignite renewed sectarian fighting... The government began to fall apart when Moslem officials initiated a boycott of Mr. Gemayel two and a half years ago after he undermined a Syrian-sponsored pact of federalism as a formula for ending the civil war...

General Aoun said on his first day on the job that his government's main concern was to preserve the legitimacy of the Lebanese state and pave the way for the election of a new president... Christians rallied to his side. Support came from the powerful Lebanese Forces militia and the two main Christian political groups, the Phalange Party of Mr. Gemayel and the National Liberal Party of Davy Chamoun... Twenty-seven Christian members of the National Assembly meeting at Patriarch Sfeir's seat north of Beirut said the Aoun ad See LEBANON, Page 4

Europe Ends Summer Time

Most of Europe will make the annual switch Sunday morning from summer to standard time. At 3 A.M. local time, most clocks will be set back one hour to 2 A.M. In Greece, clocks will be set back at 4 A.M... Britain and Ireland will end summer time on Oct. 23, turning back to GMT... The United States and Canada will return to winter time by putting back the clocks one hour on Oct. 30. On the same day, Australia and New Zealand will move clocks forward one hour as the Southern Hemisphere changes to summer time.

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It's a Standoff As Candidates Match Rallies

New York Times Service
BOSTON — Vice President George Bush swooped into Michael S. Dukakis's territory to reveal in the endorsement of a Boston police union, but the Democratic counterpunch by mustering law enforcement officials from around the nation for a red-white-and-blue rally.
For Mr. Bush, the endorsement was a political windfall in his attempt to indict Mr. Dukakis as a liberal who is weak on crime. He said he honored victims' rights, "not just the rights of criminals."
The Dukakis campaign responded with the rally, at which Governor Mario M. Cuomo of New York accused Mr. Bush of talking tough on crime while being part of an administration that had neglected crime fighters.



... Mr. Dukakis responded with his own crime fighters.

Survey Shows Bush Leading Dukakis on Issue of Defense

By E.J. Dionne Jr.
WASHINGTON — Vice President George Bush leads Governor Michael S. Dukakis of Massachusetts in two polls and one of them, by NBC News and The Wall Street Journal, showed that one of Mr. Bush's greatest advantages over the Democratic presidential nominee was on the issue of the national defense.
The other poll, by the Gallup Organization for Times Mirror Co., found that one reason for Mr. Bush's gains over the summer was his success in persuading disaffected voters, who tend to dislike government, business and liberals, to turn away from Mr. Dukakis.

economic problems: 46 percent named Mr. Bush and 44 percent named Mr. Dukakis.
But Mr. Bush was picked by 60 percent as the candidate better able to maintain a strong national defense; 27 percent chose Mr. Dukakis.
Economics, however, looms larger for the electorate than national defense.
Asked which of the two issues was more important in determining their choice, 54 percent of the voters said a candidate's ability to handle economic problems was the more important; 32 percent said maintaining a strong national defense was more important.
Mr. Dukakis spent much of the last week outlining his views on military issues in an effort to reassure voters that he would keep the nation's defenses strong.
But the survey found that Mr. Dukakis might have a special burden in convincing voters that he is equipped for the presidency: by 62 percent to 25 percent, the voters said that being vice president was better training for the presidency than being a governor.

The Times Mirror survey found that several factors were important in Mr. Bush's rise in the polls: he has succeeded in uniting groups that are historically Republican behind his candidacy, while the general public's confidence in the economy and its support for President Ronald Reagan has increased steadily over the summer.
The Gallup poll for Times Mirror of 2,001 adults, conducted Sept. 9-14, showed Mr. Bush leading Mr. Dukakis, 50 percent to 44 percent.
But the study emphasized how fluid the presidential contest was as the two candidates prepared for Sunday's debate.

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THE HUSTINGS

Bush Stresses Military Technology

HOUSTON (NYT) — Vice President George Bush has proposed that the United States seek to counter the Soviet Union's advantage in conventional forces, not by matching Moscow "bullets for bullets" but by more effective strategic planning that would take advantage of the U.S. edge in technology and some weapons systems.
The proposal, Thursday night appeared to be an attempt by Mr. Bush to provide an alternative to Governor Michael S. Dukakis's call for more spending on conventional forces. That issue has emerged as a pronounced difference between Mr. Bush and his Democratic opponent in the presidential race.
Mr. Bush said the proposal was based on existing weapons systems and others being developed. His staff did not provide a detailed briefing on the proposal, which they said Mr. Bush would be emphasizing over the next few weeks.

Debaters Agree on Questioners

WASHINGTON (NYT) — The campaigns of Mr. Bush and Mr. Dukakis have agreed on whom they would allow to ask questions Sunday night at their first debate.
The panel of questioners will be Peter Jennings, anchorman of ABC's evening news; John W. Mashek, national political correspondent of The Atlanta Constitution; and Anne Groer, political writer of The Orlando Sentinel.
Jim Lehrer of public television's "MacNeil-Lehrer NewsHour" will moderate the 90-minute debate, which will be held in Winston-Salem, North Carolina. All three major television networks as well as Cable News Network and C-Span will broadcast it live.
The two campaigns had been negotiating for days over the choice of questioners. The Dukakis campaign had proposed the anchors of the three networks and CNN. The Bush campaign held that reporters traveling with the candidates should be excluded.

Cuomo Implies He Won't Run in '92

NEW YORK (AP) — Governor Mario M. Cuomo of New York says he probably will seek re-election in 1990, and if he does, it would virtually rule out a possible presidential campaign in 1992.
"It would be very unlikely I won't run," said Mr. Cuomo when asked about seeking a third four-year term. "What else would I do for a living?"
Mr. Cuomo spoke on a flight Thursday to New York from Boston, where he offered debate advice to Mr. Dukakis. The Democratic governor said running for re-election in two years would almost certainly rule out any presidential bid in 1992 should Mr. Dukakis lose this year.

Senate Candidate Rejects Drugs Link

WASHINGTON (WP) — Former Governor Charles S. Robb of Virginia, saying he is "absolutely indignant" about efforts to connect him with illegal drugs, said Thursday that he would not discuss his personal life for the rest of his campaign for the U.S. Senate.
In response to allegations that, while governor, he attended parties where others used cocaine, Mr. Robb, a Democrat, said that there was "absolutely no link at all between drugs and me," and that any allegations of wrongdoing were based on "untruth, innuendo and rumor." He was speaking to the Richmond Bar Association.
Michael Salzer, a spokesman for Manrice A. Dawkins, the Republican candidate, said Mr. Dawkins would continue to discuss Mr. Robb's presence at parties where drugs allegedly were used.

Reagan, in Texas, Attacks 'Liberals'

HOUSTON (NYT) — President Ronald Reagan campaigned Thursday through Texas, trying to drive a wedge between the state's conservative Democrats and the national party leadership.
In a speech at Baylor University in Waco, the president used the word "liberal" 22 times to excoriate his political rivals but never once mentioned the word "Republican."

Quayle Cites Monroe Doctrine

Foreign Powers Warned on Interfering in Hemisphere

By B. Drummond Ayres
New York Times Service
LOS ANGELES — Senator Dan Quayle of Indiana has delivered the most substantive foreign affairs speech of his 1988 vice presidential campaign, offering a vision of "a century of peace" and warning Communist countries that the Monroe Doctrine is still "alive and well" in the Western Hemisphere.
In an appearance that campaign aides said was meant to improve the senator's stature as a leader and to give him some practice for the Oct. 5 vice presidential debate, Mr. Quayle told the Los Angeles World Affairs Council on Thursday that he found it "inconceivable" that some Americans opposed U.S. military aid to Central America but had no objection to similar aid by Communist countries.
In response to questions from the audience, the senator said that "there is something in this country that is called the Monroe Doctrine," referring to the 165-year-old statement by President James Monroe that the United States would consider dangerous any attempt by a European nation to interfere in the affairs of the nations of the New World or increase its possessions on the American continents.
The Reagan administration has never cited the Monroe Doctrine as the primary basis for its policies in Central America.
"The Monroe Doctrine said that foreign powers coming into our

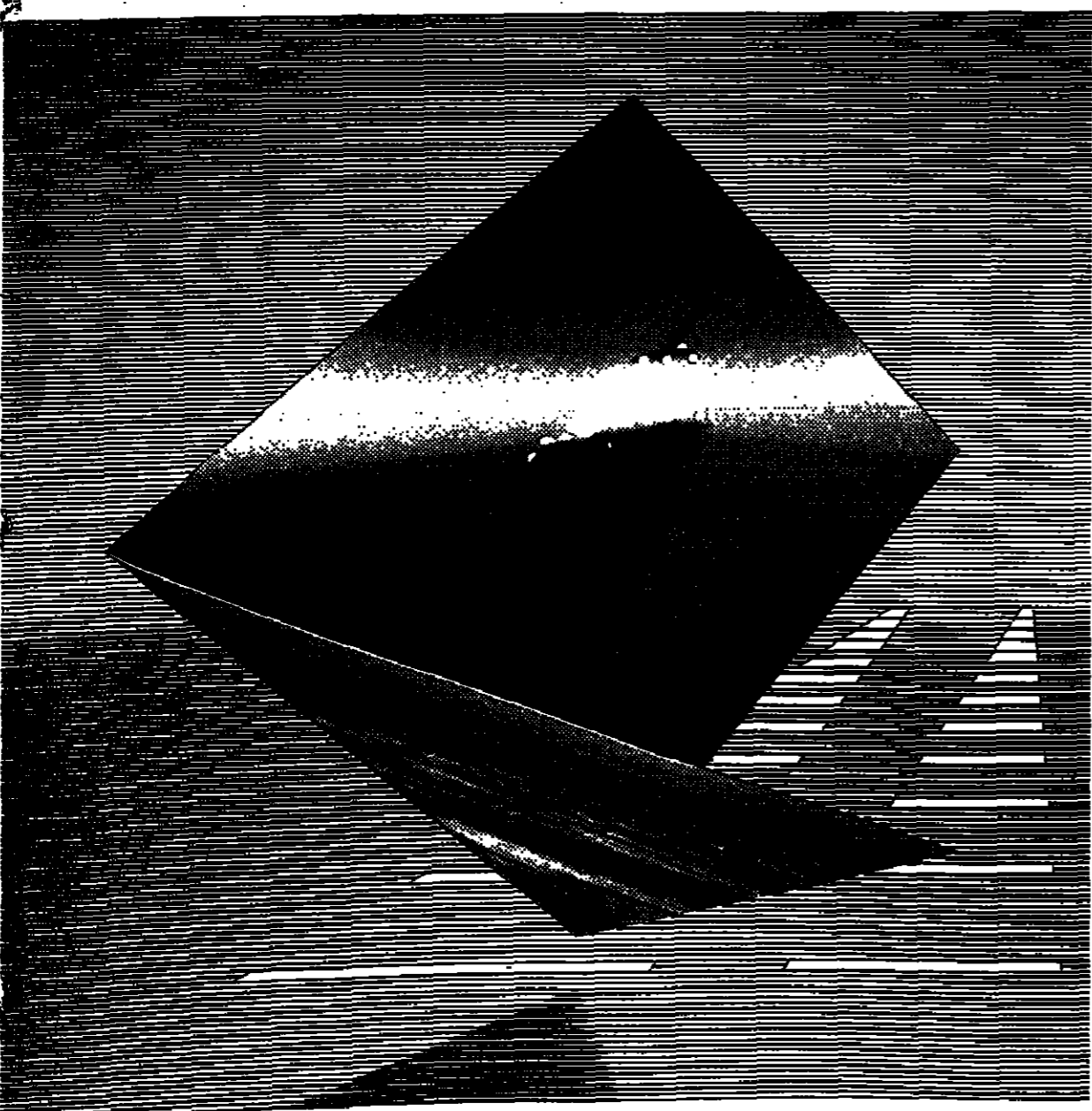
hemisphere is something that is against the national interest of this country," Mr. Quayle said. He asserted that the American people and Soviet leaders should be reminded of that and concluded, "The Monroe Doctrine is alive and well."
In his speech Mr. Quayle touched on the necessity for the United States to remain involved in Central America but did not mention the Monroe Doctrine.
He also called on the Soviet Union to make greater strides in disarmament and to "institutionalize" recent changes in its human rights policy. In addition, he urged U.S. allies to play a greater role in defending the Western alliance and providing aid to developing nations. And he asked Congress to interfere less in foreign policy.
"If we make the right choices, including the right leadership choices, we can make the 21st century a century of peace," Mr. Quayle said. But he warned that if the wrong choices were made, "We could turn an era of potential opportunities into an era of risky foreign policy crises."
■ No Shaky Moments
Mr. Quayle delivered his address without a hitch, rebounding from earlier trouble with major policy speeches, The Washington Post reported.
During a Sept. 8 Chicago address on national defense, Mr. Quayle stumbled badly when he departed from his prepared text. But Thursday, the Indiana senator read his 45-minute speech via TelePrompTer — his first use of such a device for delivering prepared speeches — with few embellishments.
The generally appreciative audience was particularly receptive when Mr. Quayle, calling for a return to bipartisan cooperation in U.S. foreign policy, quoted the late Democratic senator from Washington, Henry M. Jackson, as having said that "in terms of national security, the best politics is no politics."
Heating the applause, Mr. Quayle inserted Mr. Jackson's name several times in succeeding sentences where it did not appear in the prepared text.
Quayle campaign aides seemed pleased that he had answered several questions from the audience with careful restatements of administration doctrine that contained no apparent errors or embarrassing improvisations.
In keeping with the statesman-like tone of the address, he made only a veiled criticism of the Democratic presidential nominee, Governor Michael S. Dukakis, in a reference to the Democrat's call for more U.S. reliance on the United Nations in settling international disputes. "America cannot retreat from her world responsibilities," Mr. Quayle said. "Nor can we turn to someone else, certainly not the UN with its anti-Western bias. America must lead, because by leading we remain free."

Where and When to Follow the Debate

International Herald Tribune
Where to see or hear the debate Sunday night between Vice President George Bush and Governor Michael S. Dukakis, the first of three between the U.S. presidential candidates.
• The Cable News Network, which is received by cable networks and some hotel chains in Europe, Latin America, Bangkok and Tokyo, will carry the debate live.
It is scheduled to begin at 8 P.M. Eastern Daylight Time, or 0000 hours Greenwich Mean Time, or 1 A.M. Monday morning Central European Time.
• The U.S. Armed Forces Radio Network will provide both direct television and radio coverage. The network can be received throughout West Germany and in parts of Belgium and the Netherlands, as well as by cable at U.S. bases in Britain.
• The U.S. Armed Forces Southern European Broadcasting Network will cover the debate live. It can be received throughout Italy, elsewhere in southern Europe and in parts of the Middle East.
• In Britain, BBC-2 television will broadcast live, beginning at 2 A.M. local time. BBC World Service radio will not broadcast the debate live, officials said.
• The Voice of America will carry the debate on short- and medium-wave frequencies as well as broadcasting on FM in Europe.
• The Worldnet service of the U.S. Information Agency will broadcast the debate from 0700 to 0830 GMT Monday to cable subscribers in Europe.
• A few European television channels, such as France's TF1, plan to broadcast the debate live with a simultaneous translation. Others, such as RAI-2 in Italy, will transmit it later Monday with a translation.

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...ssia 'Close' ... ent on Talks ... tional Arms ... to the White House ...

# In Haiti, Fear of 'Tontons' Terror Tactics Make Comeback

By Joseph B. Treaster  
New York Times Service  
PORT-AU-PRINCE, Haiti — Three weeks ago, a band of thugs who are widely being referred to as Tontons Macoutes, invaded a Roman Catholic church here during a Mass, carrying machetes and guns. They killed a dozen parishioners, wounded 77 others and set the church afire.



Colonel Jean-Claude Paul, who is under indictment in Florida on drug-trafficking charges, leaving army headquarters and about to enter a car in Port-au-Prince, the Haitian capital. According to some Haitian reports, the colonel has been named head of the army.

The stunning assault recalled the election day massacre here in November and was taken by President Henri Namphy, who was overthrown last weekend, as returning to the tactics of terror and intimidation that had been the hallmarks of the long Duvalier dictatorship that collapsed nearly three years ago.

The terrorists are no longer formally organized as Tontons Macoutes. General Namphy, as head of a provisional government, officially disbanded that organization, shortly after Jean-Claude Duvalier fled into exile.

But many of the same people are believed to be involved and their brutish manner is unchanged. They have continued to function as a secret society. But there appear to be several groups of thugs now, rather than a single force, and leadership is blurred.

The new groups have not given themselves a name, but since they behave like Tontons Macoutes, that is what most Haitians call them. In addition to former Tontons Macoutes, members include former soldiers and new recruits willing to commit any crime for a few dollars.

In Haitian creole, Tontons Macoutes literally means "Uncle Knapsack," but the connotation is of a sinister "hobgoblin." Their founder, François Duvalier, and his son, Jean-Claude, had officially called them Volunteers for National Security, but Tontons Macoutes was the name by which they were universally known.

Since the coup d'etat that brought Lieutenant General Prosper Avril to power last weekend, mobs have been hunting down Tontons Macoutes and lynching them in the streets, sometimes burning them alive.

Soldiers who once seemed allied with the Tontons Macoutes have been seen standing idly in mobs and sometimes have even handed over Tontons Macoutes to the mobs.

The same mob action took place when General Namphy officially disbanded the Tontons Macoutes. Yet less than two years later they began reappearing to terrorize Haitians again as the elections approached in late 1987. Many have

main, who in turn is said to have recruited thugs.

Haitians with contacts in the military said that among the soldiers in the presidential guard, concerns about General Namphy's use of thugs to control the army became more pointed when General Namphy discovered on Sept. 16 that the soldiers had been talking about overthrowing him.

General Namphy questioned several soldiers, a soldier said, and Mr. Romain came to the palace with two thugs to make arrests. Two soldiers struggled to resist being handcuffed, he said. Shots were fired and the coup was under way.

All the officers sided with General Namphy, the soldier said, but they were eventually overcome.

Mr. Romain, the mayor of Port-Au-Prince, who had been an army officer with close ties to the Tontons Macoutes during the Duvalier years, was privately accused of directing the attack on the church and was widely believed to be working in support of General Namphy.

Mr. Romain, who has taken refuge in the Dominican Republic Embassy, and General Namphy, who is in exile in the Dominican Republic, have denied any part in the church attack. But it was universally seen as a deliberate attempt to silence an outspoken pastor, the Reverend Jean Bertrand Aristide, and his St. Jean Bosco Church, and to intimidate other critics and rivals.

Noncommissioned officers in the presidential guard who played a prominent role in deposing General Namphy say their action was precipitated by General Namphy's reliance on the Tontons Macoutes and the attack on the church.

When François Duvalier founded the Tontons Macoutes shortly after he came to power in 1957, his purpose was to create a counterbalance to the army, which has been the kingmaker over most of Haiti's history. The army trained and equipped the Tontons Macoutes, and soon became subordinate to the new force.

Haitians say that as General Namphy found himself with fewer allies, he drew closer to Mr. Ro-

## AMERICAN TOPICS

### Evangelicals Score In Pro Sports World

Every major league baseball team has permitted religious services in the clubhouse for the past 10 years or more, the Los Angeles Times reports. Ministries have become well established in professional football and basketball as well.

The ministries are predominantly evangelical, fundamentalist Protestant. "I would think all of our chapel coordinators are born-again Christians," said David Swanson, national director of Baseball Chapel Inc. So are most of the prominent athletes known for their testimonies of faith, like the former basketball star Julius Erving, the former football star Roosevelt Grier, Tom Landry, coach of football's Dallas Cowboys, and Carl Lewis, who knelt in prayer after winning the 200-meter race in the 1984 Olympics.

Mainline Protestants, Roman Catholics and Jews have limited visibility in sports. One reason cited for this, the Times said, is that they tend to urge people to go to church, while evangelicals offer specialized ministries for particular groups. For another, said the Reverend Charles Doak, a Presbyterian minister, mainline churches tend to emphasize com-

### Short Takes

The U.S. House of Representatives has voted to make it easier for federal agencies to move their headquarters from Washington to nearby Virginia and Maryland to take advantage of lower leasing and other costs. Current law requires most federal agencies to locate their "principal offices" within the city limits of Washington, contiguous with the District of Columbia. Under the new bill, approved by voice vote, this restriction would apply only to the 13 principal cabinet agencies, like the Treasury, Transportation and State departments. Washington's Mayor Marion Barry opposes the change, and its fate in the Senate is uncertain.

One office already moving from city to suburbs is that of former President Richard Nixon. He is giving up his 10-room suite in downtown Manhattan for a building within walking distance of his Saddle River, New Jersey, estate. The rent will cost U.S. taxpayers \$137,800 a year, or \$200 more than his New York office. Mr. Nixon, 75, had grown tired of commuting for as long as two and a half hours a day, his

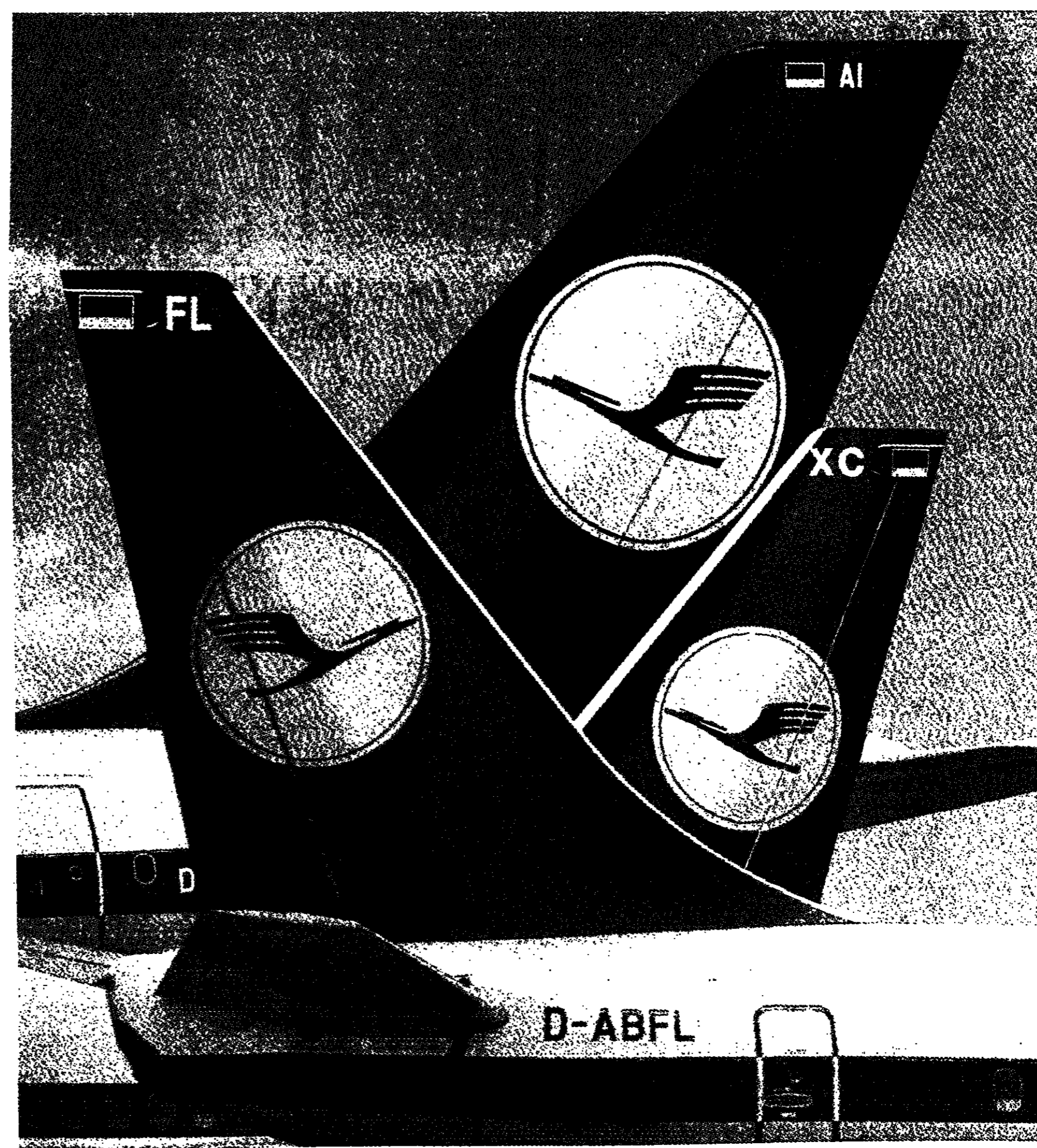
### McDonald's Corp., the fast-food chain that once stopped a New York entry from calling itself McBagel, has blocked Quality Inns International from using the name "McSleep Inns" for a new chain of cur-rate hotels. In Baltimore, U.S. District Judge Paul Niemeyer said the "Mc" amounted to trademark infringement. Quality Inns responded by changing the name of its new chain to "Sleep Inns."

Arthur Higbee

## State Is Near

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INTERNATIONAL Herald Tribune

The Haitians Still Hope

Haiti suffered through another coup last weekend only to sink into new turmoil. One general had barely replaced another when soldiers mutinied, workers struck and killing returned to the streets. Yet the soldiers who engineered the coup agreed to share with the public a wish to rid Haiti of the brutal, arrogant daily lawlessness. The Haitians, for all their desperate poverty, have not given up.

Wright Was Out of Line

The statement by House Speaker Jim Wright on the CIA — that the agency had admitted to a role in sparking anti-Sandinista protests in Nicaragua to provoke the Sandinistas into overreaction that would kick back on them — has had these results:

Strauss's Shocking Truths

Robert Strauss, the prominent Democrat, was speaking simple truth. The way to shrink big budget deficits, he said, is to look for savings in the biggest programs, "because that's where the money is."

Time to Meet the Press

There are 168 hours in the week. The presidential candidates, so far as anyone can tell, spend about 169 of them posing in front of bokey backdrops, perfecting their sound bite of the day, and huddling with advisers, pollsters and drama coaches as they plan their next cameo appearance.

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Handy Tips For Scoring The Shootout

By William Safire
WASHINGTON — Reams of copy offering sage advice on debating technique will be directed at both candidates before they climb into the arena in Winston-Salem, North Carolina, on Sunday. Not in this space.



Americans Are Behind On Vietnam

By Jim Hoagland

PARIS — Culturally, Americans are beginning to exorcise the bitterness and divisions of the Vietnam War. But politically, the quagmire remains American officials and politicians lag behind the people in dealing with the aftermath of the U.S. defeat in Vietnam. The leaders should not recognize the change that is occurring, both in America and in Southeast Asia, and to catch up with their followers.

The West Needs a Unified Policy on East-Bloc Change

By Gregory Flynn
WASHINGTON — In the debate over the Western response to the forces of change being set loose in the Soviet Union and Eastern Europe, an important difference has developed in the terms of reference being used by the two sides of the Atlantic. At stake is whether the West will be able to develop a coherent, unified policy toward change in the East; whether it can influence outcomes, even marginally; and whether, in doing so, it can help make Europe more secure.

Munich, 1938: What Might Have Been

By William Pfaff
LONDON — Thursday will be the 50th anniversary of the Munich agreement, when Britain and France capitulated to German demands on Czechoslovakia — thereby making the East might imply a transformation of the European order. The debate in Western Europe is about three issues: how best to use change in the East to ameliorate the consequences of Europe's division; how to set in motion processes that, over time, might attack the root causes of the European stalemate; and how much insurance needs to be kept in the meantime.

A Script for a UN Convert

On Monday, President Reagan takes his farewell bow at the United Nations. Until recently he tended to regard the institution as a do-nothing anti-American talk shop. We can expect a different tone Monday. Mr. Reagan may not be a born-again UN backer, but he certainly has been baptized in the sweet waters of international peacekeeping.

100, 75 AND 50 YEARS AGO

1888: Schubert Exhumed
PARIS — The remains of Schubert were exhumed yesterday [Sept. 23] for reinterment in the Central Friedhof in Vienna. The skeleton was very imperfect but the skull was intact. The remains, after having been consecrated at the Waching chapel by Father Schubert, a younger brother of the composer, were conducted with great pomp to the Voiv Kirche. Hundreds of thousands of people thronged the streets, and innumerable wreaths and flowers were disposed about the tomb, which is next to that of Beethoven.

# WEST BERLIN



## Modernization Program Boosts Local Economy

Dismissed as a "dying city" in the 1970s, West Berlin is once again economically on the move. New firms, new jobs and a growing population have brought new prosperity to the divided city.

The city seems to be in an upbeat mood, a fact confirmed by the surging numbers of tourists arriving at Tegel Airport, lured by the whirl of cultural activity, green forests, handsome lakes and splendid shopping possibilities. The two-mile-long Kurfürstendamm boulevard, which only five years ago looked shabby and seedy, is now vibrant with sidewalk cafés, chic boutiques and art galleries.

### Over 350 enterprises moved to Berlin in the 1980s

Eberhard Diepgen, beams as he tells you that today West Berlin is a "city of two million people again." Four years ago Berlin's population was down to 1.8 million, and experts were darkly predicting that the number of people living in the city would decline to 1.5 million.

But the influx of people of German ethnic origin from Poland, the Soviet Union and Romania, the increase in the number of East Germans allowed to move to the West, and a renewed willingness among young West Germans to settle in the city have all dramatically changed the demographic picture.

The recent flood of arrivals may have placed an additional strain on the labor market, but it has also given West Berlin new creative impulses and vitality.

Elmar Pieroth, West Berlin's Economic Minister, said a further 20,000 arrivals from the East were expected this year. "We welcome these people," he said. "As far as West Berlin's industry is concerned, they can only bring benefits in the

medium term." Mr. Pieroth's remark, made at a recent press conference in City Hall, was a reply to those who had expressed fears that the wave of newcomers posed a threat to Berliners' jobs.

West Berlin's work force now stands at 878,500 — its highest level for 12 years. In the past five years, 42,000 new jobs have been created in West Berlin, many of them in the service sector, said Mr. Pieroth, a Rhinelander who first came to the city in 1981.

Still, he concedes, with 95,000 Berliners (11 percent) out of work, the city has a worrisome unemployment problem. The West German average is slightly lower (9.5 percent), and Mr. Pieroth said everything was being done in West Berlin to reduce the level. A dramatic reduction is unlikely in the foreseeable future, though he points out that the youth jobless level was down to 3,200 in July, 13.9 percent lower than in the corresponding period last year. "That is somewhat encouraging," he said.

Despite Mr. Pieroth's insistence that his government is trying to combat the problem, the opposition are accusing him of callousness and complacency. Walter Momper, the leader of the Social Democrat Party (SPD) in Berlin, says his party will make the plight of the jobless a major campaign issue in the upcoming January 1989 city government elections.

The SPD has suffered a series of reversals since losing power in Berlin almost eight years ago, and is still trying to improve its image among Berliners — so far without much success. The mood in the city right now is against change, and the pollsters are predicting that Diep-



The Kaiser Wilhelm Memorial Church overlooks the Kurfürstendamm.

gen's administration will be returned to power — possibly with an increased majority.

In the first half of 1988 the economy was on the upswing, producing results which surprised the experts who had reckoned with a downturn in the wake of last October's stock market crash. Orders for West Berlin-made products shot up by ten percent over the same period last year.

Foreign buyers have been placing more orders in the capital goods sector. Berlin's economy, measured

in terms of the city's gross product, had a growth rate of 3 to 3.5 percent in the first six months of 1988. Despite periodic oscillation, industrial production has been steadily expanding now for five and a half years.

One of West Berlin's more recent achievements has been not only to halt, but in some cases to reverse, the erosion of the industrial landscape that was turning Berlin into a "dying city" in the 1970s. This has

See Economy page 11

## World Bank Meetings Scheduled for Berlin

Bankers, journalists and others have shown unprecedented interest in this year's IMF and World Bank meetings, in part because of their proximity to European banking centers.

Scheduled to be held in West Berlin from September 27 to 29, the meetings are the first to be held in Europe since 1979, when they were held in Belgrade, Yugoslavia. The most recent IMF/World Bank meetings in Western Europe were in 1970 in Copenhagen, Denmark.

Some 10,000 people or more are expected to attend, including 1,200 officials comprising delegations from 151 nations. More than 3,000 commercial bankers and 1,000 jour-

nalists are also expected. Recent meetings in Washington, D.C. and Seoul, South Korea, drew about 9,000 people, said Graham Newman, IMF assistant chief information officer in Washington. The increase in attendance is probably accounted for by European bankers, he said.

### Over 3,000 bankers will congregate in Berlin

The event will focus on the international economic outlook, Mr. Newman said. Main issues will include debt in developing nations, debt strategy, progress in coordinating international economic policies, increasing IMF funds, and further allocations of special drawing rights. About 300 discussions are scheduled, as well as meetings of the G-10 industrialized nations and the G-24 developing nations.

Many consider the congresses not only the most significant in the city's history, but the greatest ever in the nation. "These are the biggest congresses to date in the Federal Republic, both in terms of its size and its significance," said Wolf-Dietrich Cross, deputy general manager of

the meetings' Coordination Office in Berlin.

All hotels in West Berlin are expected to be full during the meetings, the Berlin Tourism Office said. Visitors have been forced to look for accommodations in neighboring East Germany, filling up three major tourist hotels in East Berlin. Airlines have scheduled additional flights to Berlin during the event.

Logistical preparations, started two years ago, will occupy up to 600 people when the meetings begin. Some 551 sound-resistant offices have been installed near the congress center. A new printing facility will churn out 5 million documents during the meetings. More than 100 buses and vans have been procured to transport participants.

Telecommunications have been enhanced with 408 additional telephone lines, 1,400 extensions and almost 50 kilometers of cable. A data network with 30 terminals has been installed at the congress center and at hotels, supplying participants with information from flight schedules to restaurant addresses and sight-seeing programs.

The meetings have also generated great interest with opposition groups such as the Green environmental party. Posters in Berlin and other German cities urge activists to go to Berlin, where demonstrations are planned against IMF/World Bank policies.

Previous meetings, such as the one in Copenhagen, have seen some violence, prompting Berlin to take security measures. "We are prepared for everything," Mr. Cross said. Berlin's policies will be reinforced with additional officers.

See Bank page 9

## The Symbol for quality in international trade fairs and congresses: Berlin

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- International Green Week Berlin 1988 Exhibition for the Food Industry, Agriculture and Horticulture January 27 - February 5
- International Tourism Exchange ITB Berlin 1988 March 4-8
- WASSER BERLIN '88 in cooperation with IFF '88 Berlin International Fair Water Supply April 10-14
- International Audio and Video Fair Berlin 1988 August 23 - September 3
- 27th Overseas Import Fair 1988 "Partner for Progress" Berlin Trade Fair Section, Sept. 27 - Oct. 1
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## VIEWPOINT

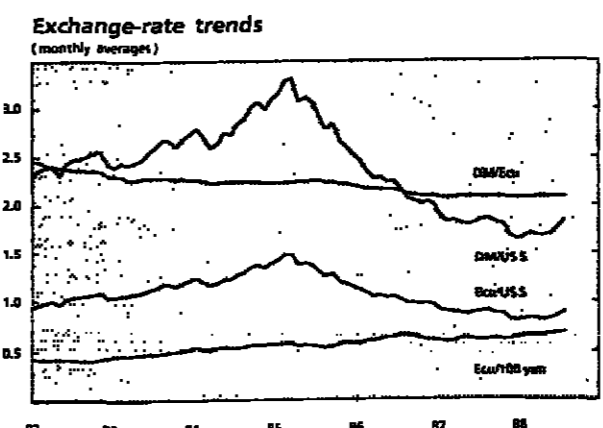
### The Commerzbank report on German business and finance

### A European central bank on the horizon?

The twelve members of the European Community are moving towards economic integration, and it is generally agreed that the creation of a unified internal market, as stipulated by the Single European Act, must also have an impact on monetary policy. Indeed, if intra-Community exchange rates are still permitted to fluctuate and restrictions on capital movements remain in place, the dream of a truly "common market" may never become reality. For this reason, many are calling for closer monetary cooperation—and above all for the establishment of a European central bank, which is essential for the coordination of monetary and interest-rate policies.

In West Germany in particular, however, experts have long argued that a European central bank can only come as the culmination of a process in which economic and fiscal policies are fully harmonized. But an assessment of European monetary cooperation over the past decade suggests just the opposite—namely, that a joint monetary policy can spur economic cooperation, promoting convergence and integration. In fact, expansion of the institutional framework of European monetary policy must go hand in hand with the integration of the national capital markets. Coordination is even more essential in the other policy domains. In order to work, a

single internal market will need more than just a "Euro-peanized" monetary policy. It will also require a common fiscal policy as well as a wage policy which is sensitive to the regional and sectoral differences within this vast economic zone. There is a growing



realization that a unified European market in which monetary policy transcended national borders, while fiscal and wage policy did not, would be doomed to failure. No alternative exists to such integration—as experience with the international monetary system has shown. Since the dollar is still the cornerstone of that system, the central banks' scope for action has become very limited in recent years. At times, monetary policy has been reduced to merely reacting to the dollar's hectic gyrations, often at the expense of dom-

estic economic needs. In the long run, therefore, this lopsided arrangement should be replaced by a tripartite global monetary system comprising a U.S. dollar area, an East Asian yen block and a European currency zone. The Europeans will not have to

be attained if the Community continued to permit itself the luxury of twelve individual currencies. As things stand at present, the transaction costs and exchange-rate risks have prompted entrepreneurs and bankers with EC-wide business to lend ever stronger support to the idea of a currency union.

**Political independence**  
Europe needs a central bank that is not only responsible in theory for maintaining the stability of the European currency; it must also be given the tools to do the job in practice. Such an institution must be accorded the maximum degree of political independence at both the national and EC levels. Moreover, if the central bank is to successfully preserve monetary stability, a strict separation will have to be maintained between the twin tasks of circulating money and funding government spending.

Many will consider the goal of a European central bank too ambitious and it will certainly not be achieved quickly, or easily. We cannot expect "grand solutions"; rather, gradual progress should be the aim. Yet the objective must be pursued with the same strong political will as the single European market. Otherwise, Western Europe will find it difficult to play an enhanced global role as the year 2000 approaches—a point which the Europeans now seem to be taking to heart.

## COMMERZBANK

German knowhow in global finance

VIEWPOINT is presented as a regular service to the international business and financial community by the Economics Department of Commerzbank, P.O. Box 100503, D-6000 Frankfurt/Main 1.

## ADVERTISING SECTION

## East-West Thaw Brings Breakthrough in Trade

In the wake of Glasnost and Perestroika, the countries of the Council for Mutual Economic Assistance (Comecon) are modernizing their economies and showing new eagerness for closer connections with the European Community.

Prior to the August announcement, a joint declaration had already been signed in June by the EC and Comecon for the "development of cooperation in all fields of common interest."

The West Berlin government is excited by this breakthrough. Eberhard Diepgen, the city's able and foresighted young governing mayor, sees real chances being offered. Addressing businessmen in West Berlin recently, he talked in glowing terms of the city as an "eastern advance post of the European Community" serving as a bridge between the Common Market and Comecon-trading countries to which, he emphasized, "770 million people belong."

So far, East-West trade has not been at an impressive level, but the 44-year-old mayor says the reshaping of the Soviet Union's economy and society has greatly improved chances for expansion in the 1990s. "We are watching the new developments very closely so that the new forms of East-West exchange do not go past the city," he says.

Before World War II, a third of all Berlin's industrial products were delivered to regions now situated in the German Democratic Republic (East Germany). But post-war divisions dealt a death blow to this trade.

Nobody believes that it could be revived on such a large scale again. But there is no reason why the city — given its strength in the electro-

West Berlin economic experts see bright prospects for their city as a center for East-West trade. East Germany's announcement in August that it was establishing official ties with the EC is just one expression of the new mood.

technical, machine construction, food and chemical manufacturing industries — should not find avenues for its products and expertise in the GDR.

Dr. Günter Braun, general manager of West Berlin's Chamber of Trade and Industry, believes that the city's unusual location close to East Berlin, the GDR and neigh-



Mayor Diepgen

boring socialist state-trading countries offers favorable opportunities for East-West economic relations. He noted Berlin's excellent flight connections, good road, rail and canal links, and maintained there was no bar to "doing business in many sectors of common interest."

As Mayor Diepgen frequently points out, besides being the largest industrial center between Paris and

Moscow, West Berlin also has an array of other advantages — research and development establishments, scientific institutes, and trade fairs, congresses and exhibitions of major international repute.

If West Berlin makes good use of its many advantages, Mayor Diepgen and Economics Minister Elmar Pieroth are convinced that West Berlin could become a gateway for the socialist state-trading nations to enter the much talked about "Binnenmarkt" — or Internal European Market — in time for 1992.

West Berlin would especially like to improve trade with East Germany. The GDR chiefly supplies West Berlin with oil products and items which are expensive to transport such as coal, sand and gravel, as well as some agricultural and fishery products and textiles, while West Berlin delivers electro-technical, machine and conveyance-building products to the GDR.

"At present, the Berlin Senate is making every effort to build up trade with the GDR and improve its quality and professional services. GDR authorities are also trying to do the same, though by the nature of things there it is much more difficult for them to achieve this," Mr. Pieroth said.

There has always been an imbalance in West Berlin-GDR trade, with purchases from East Germany registering almost three times the level of the city's sales. In 1987,

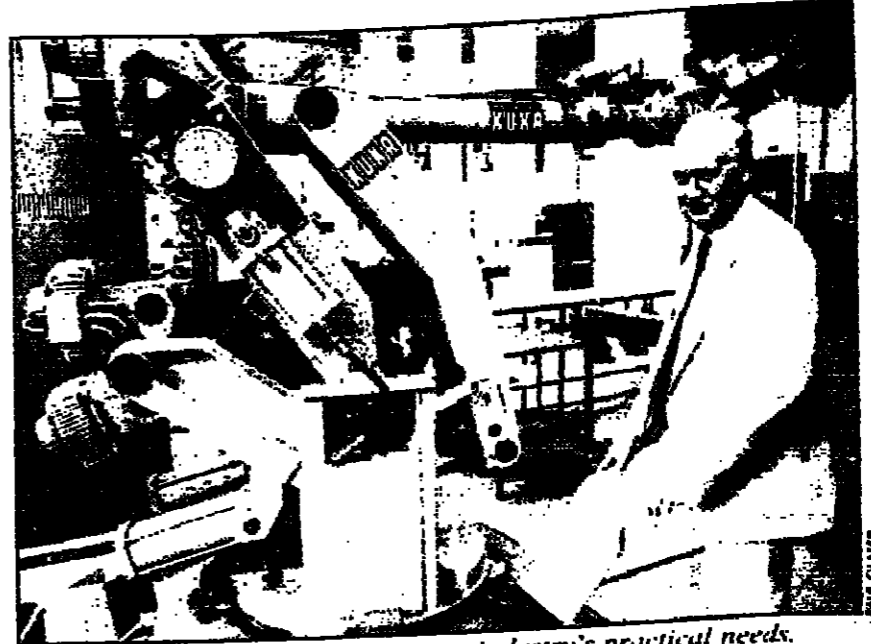
West Berlin's purchases from the GDR totaled 1,449 billion Deutsche marks (down four percent on the 1986 figure), compared to the GDR's purchases of 519.7 million Deutsche marks (a one percent increase over 1986).

The euphoric expectations aroused by the first-ever visit of East German leader Erich Honecker to West Germany in September 1987 have found no confirmation as yet.

But an illustration of what is possible when East-West tensions are reduced and common sense prevails occurred in January. An agreement was reached among the East German trade organization INTRAC, West Berlin's BEWAG electricity company, and the PreussenElektra concern for the construction of power lines from the West German border town of Helmstedt across East German territory to West Berlin. By the end of 1991 West Berlin will be receiving more than ten percent of its present electricity requirements under the power-sharing arrangement. East Germany will also be able to draw supplies from the grid. The deal calls for a 350 million DM initial investment, jointly paid for by BEWAG and PreussenElektra. Work on constructing the power lines across the GDR was recently started.

Under an earlier deal West Berlin was already getting Siberian gas pipeline supplies. Doubts were raised about the wisdom of relying on the Soviet Union for part of its gas when the project was first conceived in the early 1980s. But now supplies have been flowing for the past two years and the controversy has died away.

Neale Marriot



Dr. Gunther Spur applies robotics to industry's practical needs.

## Investment Mounts As City Stages Comeback

With more than 180 research institutes, West Berlin has become a major technological center; and the close links between business and industry are attracting new investors.

The robots in Dr. Gunther Spur's Institute for Production and Construction Technology (IPK) could whet anyone's technological appetite.

The ultra-modern glass-enclosed institute, which operates in cooperation with Berlin's Technical University, is a world-famous center for robotics and research on automation of industrial production techniques.

Dr. Spur, presently on a work trip to Asia, is an example of the close cooperation found between Berlin's research institutes and industry. His findings, colleagues say, are quickly converted to practical use by industry. In turn, industrial needs and questions are then acted on to stimulate further research.

IPK is only one of Berlin's more than 180 research and development institutes. With almost half of West Germany's research institutes, West Berlin has become a major center for industrial investment. Some of the institutes are supported by public subsidies, others by grants from major companies.

The range of these institutes corresponds to West Germany's industrial variety and extends from basic research to applied research in the fields of micro-electronics and data processing, information systems and communication. Eighty percent of all research and development funds go to the fields of electrotechnology, chemistry, automotive industry, engine building, precision mechanics and optics.

The Berlin Innovation Center, the Technology and Innovation Park, the new space institute at the Free University headed by a former Challenger astronaut, the Heinrich Herz Institute which explores the latest in television and optical communications, the Institute for Automotive Technologies, the Institute for Welding Research, and the Institute for Applied Information Processing are just a few examples of West Berlin's many research and development centers.

Some of the more unusual projects include the development of high-definition television and the so-called Bessy project, a large facility sponsored by Philips, Siemens, and several other companies for the commercialization of synchrotron radiation (x-ray lithography) for micro-electronic chip manufacturing.

"Berlin is making a comeback," says Dr. Hans Ulrich Abshagen, a consultant who advises U.S. firms on Berlin relocation. "Economically, there is a new pioneer movement here."

The research facilities make Berlin particularly attractive to telecommunications, electronics, and computer companies. Generous tax benefits — which are not given in other West German cities — are also luring firms here.

Personal income tax is 30 percent lower than in other parts of West Germany, and the corporate tax is 22.5 percent lower than elsewhere in

the country. The West German government allows up to 75 percent depreciation of equipment during the first year or the first five years. Special low interest rates, considerably more favorable than in other parts of West Germany, are also available.

The city comprises an area as large as the combined size of Washington, D.C., Pittsburgh and Minneapolis. Its population is two million, of which an astonishing 100,000 are students.

But the history of the divided city has meant a slow return to its pre-war status as a pioneering technological center. The world's first teletype machines were developed here. Berlin hosted the world's first television broadcast, and Berliners got to ride the world's first electric streetcar.

The rise of Nazi Germany drove away many of the city's foremost scientists and researchers. After the war, Berlin ceased to be the nation's capital. Instead, West Berlin was carved up under the rule of the Americans, French and British, a system which exists to this day, and what is now East Berlin fell under Soviet rule. Embassies left West Berlin for the new capital of Bonn, and many industries drifted westward.

But West Germany's well-thought-out program of incentives for both research and industry seems to be working.

Five large U.S. companies, including pinball-machine maker Bally and optics concern Bausch and Lomb, have moved here during the past year, bringing the number of U.S. firms to about fifty.

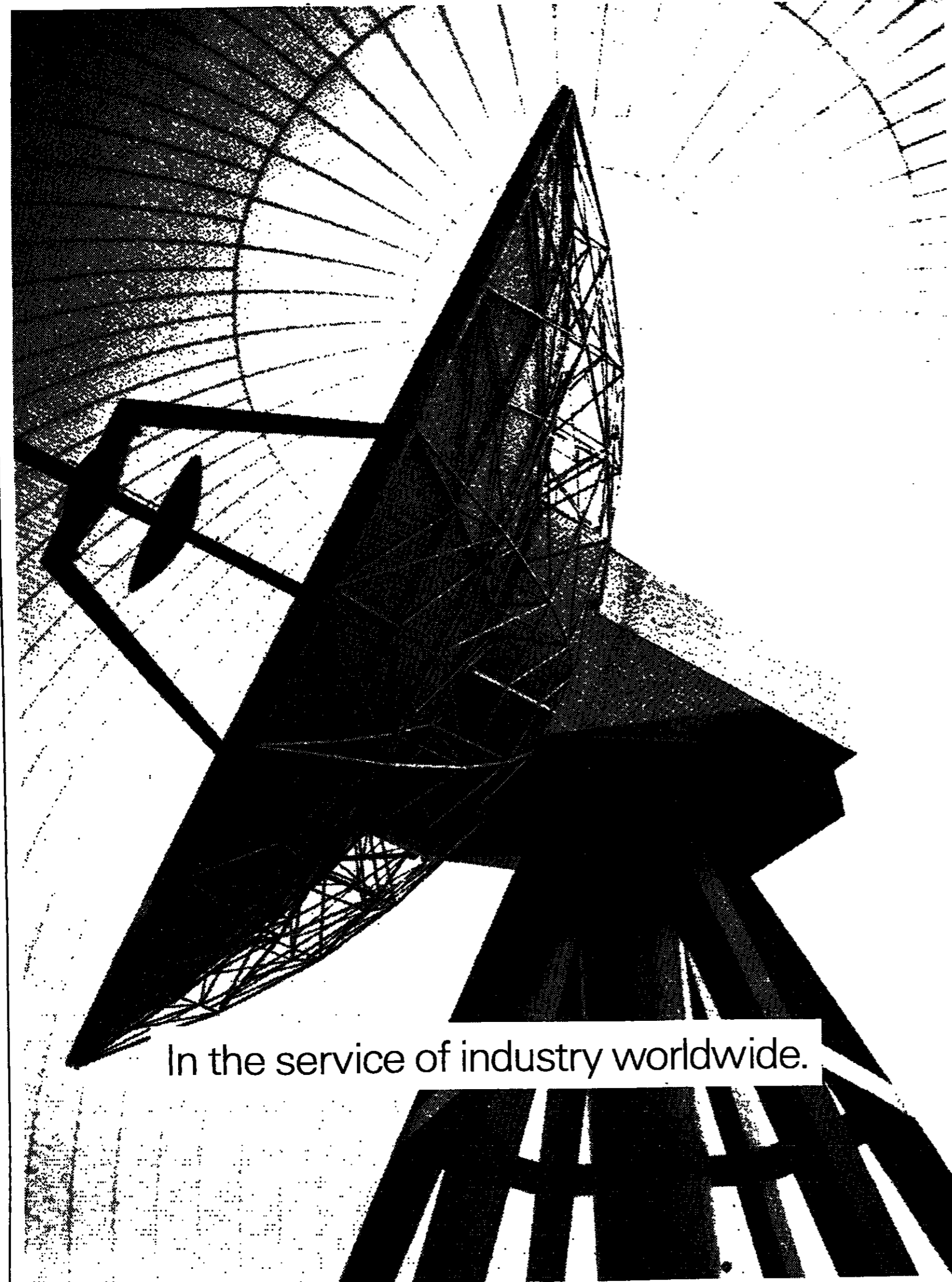
Johnson and Johnson bought a major Berlin pharmaceutical company. Ford chose Berlin as the center for its Western European plastic production; and a major U.S. computer company is considering locating a printing plant for its computer programs here.

The Eastern bloc represents a relatively untapped consumer market for Western countries. And although certain NATO restrictions still exist on technology transfer between East and West, the present atmosphere of détente means that Berlin's research and development centers could soon be serving an eager East. Technological cooperation in turn will most likely lead to East-West joint ventures.

"East-West trade needs a mediating function, just as Hong Kong provides the link between the Far East and the United States," says Mr. Abshagen. "Berlin knows both systems. It is the logical candidate for that role."

Meanwhile, overall investment figures seem to confirm the general optimism. In 1975, 1,122 billion Deutsche marks were invested in West Berlin. In 1985, the figure rose to 2,136 billion DM. This year, the estimated total investment will be 2.5 billion DM.

June Carolyn Erick



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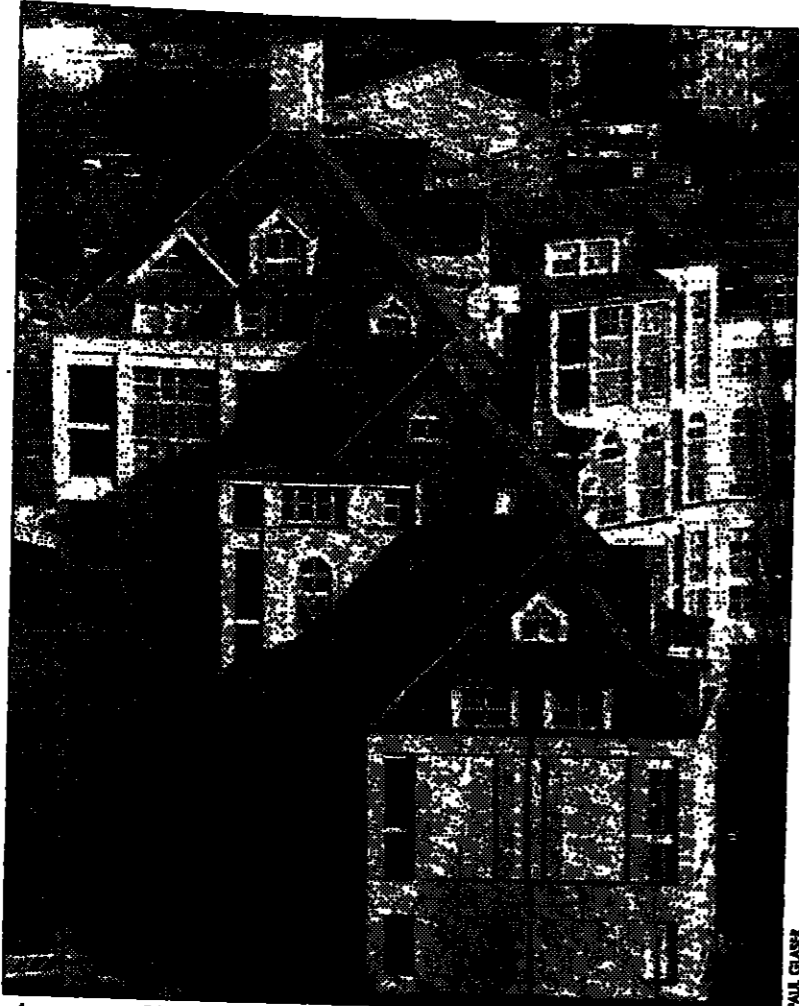
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# From Urban Demolition to Post-Modern Renewal



A post-modernist development by the IBA in Tegel.

For the last nine years, West Berlin has been the site of a particularly ambitious program of publicly funded urban planning, reconstruction and renewal: the International Building Exhibition (IBA) Berlin 1987. IBA's task — in this divided city ravaged by World War II and subsequently damaged further by various ill-conceived urban development schemes — was to produce "artistically valuable architecture" and "repair a part of the city."

With about 50 percent of IBA's projects completed, the consensus is that the project has succeeded. The formerly widespread approach of renewal through demolition, with large parts of the population uprooted or priced out of their homes, businesses destroyed and neighborhoods severely weakened, has been replaced by a program of strengthening and embellishing each area.

Forelorn and desert-like expanses such as Southern Friedrichstadt (which, like many of the IBA sites, borders on the Berlin Wall) have been "critically reconstructed." The preferred mix of residential, recreational, professional and socio-cultural facilities stands in stark contrast to the faceless rehabilitation projects of post-war years.

As IBA took shape in the late

Putting an end to arbitrary demolition and speculative construction, West Berlin is intent on producing a model of contemporary urban planning.

1970s, it was divided into two sections: the first to meet the challenge of new urban construction in the Berlin areas of Tegel, Prager Platz, the southern Tiergarten district and southern Friedrichstadt; the second, to renovate the areas of Luisenstadt and Eastern Kreuzberg. Until the end of 1983, IBA was financed by the Land Berlin (75 percent) and the Federal Republic of Germany (25 percent); since 1984, it has been solely financed by the Land Berlin, at an estimated cost of 4 billion DM.

Alongside the concept of "critical reconstruction," with its search for an equilibrium between tradition and modernity, the Neubau (or new building) activities at IBA were guided by the idea of "critical pluralism," whose goal is to present numerous stylistic and philosophical approaches to contemporary architecture. "We wanted to involve the protagonists of the different theories of architecture. Among the internationally acclaimed architects who have built for the IBA are Aldo Rossi, Gustav Peichl, James Stirling, Gior-

gio Grassi, John Hejduk, Raimund Abraham and Morre/Rubie/Yudell.

In 1979 when the Berlin House of Representatives called on the Bauausstellung Berlin GmbH to "save the ravaged city" in Kreuzberg, the area was "more badly affected by the redevelopment of the '60s and '70s than by the war and the wall," wrote IBA's renewal project director Walther Hämer.

Against a background of growing resistance and discontent in this run-down and threatened area, IBA developed an alternative and "more caring" 12-point program for "Careful Urban Renewal." This stressed the importance of resident participation. It proposed that renewal work proceed in stages, allowing most residents to remain in their homes while renovation is going on. The cost of modernization under the IBA program has averaged between 45 and 49 percent of the comparable costs for new construction, making it possible for an unexpectedly high number of residents (95 percent) to remain in the area.

On January 1, 1986, the urban renewal project, including all its staff, was handed over to a private successor company, STERN (Association for Careful Urban Renewal Berlin GmbH). Today, STERN is continuing the work begun by the IBA, which to date has resulted in the renovation of 5,200 apartments and 130 commercial units; the conversion and extension of five schools; the creation of 14 child care centers; and the planting of gardens in 320 courtyards.

Yet the renewal of Kreuzberg is far from completed. About 6,000 more apartments are in urgent need of renovation. As Jörg Dargel, a leading STERN staff and steering committee member said, "With our social orientation, we don't think the technical modernization of a house or the improvement of a kindergarten is enough to improve the quality of life. We want an integrated approach to involve the participants." The current city government's policy, according to Mr. Dargel, is to restrict the IBA/STERN approach to the Kreuzberg area. Nevertheless, STERN's implementation of Careful Urban Renewal will continue. "There is no responsible alternative for Berlin," he said.

Melissa Drier

## Luxury Shops and Nighttime Fun

Maintained with the magnificence and luxury of a capital (which residents will tell you it has never ceased to be) West Berlin is a shopper's delight and a gourmet's paradise.

Much has been written about West Berlin's cultural life, its opera, ballet, music, cabaret and transvestite revues, but what of its splendid eating establishments: its restaurants, sidewalk cafés and pubs, of which the city has more than 5,000, most operating far into the night.

And what of Berlin's many shops? With 12 districts, each with its own shopping center, the city has about 40 department stores, more than any other European city. If West Berlin could be said to have a center then it is generally taken to be the easily identifiable old bomb-ravaged Kaiser Wilhelm Memorial Church Tower at Breitscheid Platz. The new church stands alongside it.

On the Tauentzienstrasse, not far away, stands the KaDeWe ("Kaufhaus des Westens") department store. People spill out of the Wittenberg U-Bahn station and make a beeline for the KaDeWe. It is Germany's equivalent of Harrods in London, and stocks goods from all over the world across 43,000 square meters of floor space. It sells furs, perfumes, computers, toys, textiles and artworks — you name it, the KaDeWe is sure to have it, or will get it for you.

At the nearby Europa Center is a skyscraper office block which also houses an indoor three-story shopping and entertainment complex. For the visitor in a hurry to buy small gifts or souvenirs, this is the place to head for. Besides shops, it has quality nightclubs, restaurants, pubs, and the city's plush casino.

West Berlin's tradition for cabaret with biting political satire still finds expression at the center's famous Stachelschweine (The Hedgehogs) theater. Wolfgang Gruner, a Berlin original if ever there was one, is one of the stars. He talks at the speed of gunfire, and if you cannot keep up, then watch his facial expressions. They are worth the entrance money alone.

If you want to have a business lunch in a suitably conducive and congenial atmosphere, then you won't go wrong at the famous Kempinski Grill, housed in Berlin's renowned city-center hotel on the Kurfürstendamm. It seats 60 and needs no advertising for the excellence of its food and service. Another favored haunt for business people is the Hotel Berlin Grill-Restaurant on the Litzthof Platz. It offers a special three-course "business lunch" at 48 DM per person. On Kantstrasse, a parallel road to the Kurfürstendamm, is the Paris Bar restaurant where art works of prominent modern German painters adorn the walls. Showbiz personalities, artists, lecturers from the nearby Academy of Art, civil servants and stock market officials give testimony to the mixed clientele here.

Popular with American tourists and business people visiting Berlin is Foff's, a restaurant with a Greek proprietor and staff on Fasanenstrasse, an up-market property area. A signed and framed photograph of Michael Dukakis greets you above the cocktail bar. For good service on wooden tables and good-quality German fare, Hecker's Deele on the Grolmanstrasse remains popular with the business community.

The Kurfürstendamm is back at its best, after years of looking somewhat dowdy. At night, crowds of well-heeled Germans and foreigners throng the elegant boulevard, as sleek Mercedes and BMWs glide by. The sidewalk cafés are packed and the discos are filled with young West Germans.

Berlin remains by far Germany's most popular city for nighttime fun.

Neale Marriott

## Bank *Continued from page 7*

Germany about 30 million DM (US \$16 million), are hosted by the German Finance Ministry, the Bundesbank or central bank, the Ministry for Economic Cooperation, and the Berlin Finance Senator.

Berlin was chosen because it is the only German city with sufficient hotel capacity and a major conference center. The Finance Senator's office said it hopes the meetings will promote Berlin as a banking center. The event will pump 20 million DM to 25 million DM into the city's economy through hotels, restaurants and other businesses, Mr. Gross added.

As headquarters to such organizations as the Foundation for International Development and the Institute for Development Policies, Berlin is also the city that hosts the annual "Partners for Progress" Overseas Import Fair, which aims to help manufacturers from developing and newly industrialized countries enter Western markets. The fair ended on September 4.

Most IMF/World Bank meetings occur at their Washington headquarters. Every third meeting is held abroad, most recently in Seoul, South Korea, in 1985. The next meetings abroad are scheduled for Bangkok, Thailand, in 1991.

Erich E. Toll

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# West Berlin: This Year's Cultural City of Europe



An art-lover studies the portraits in Berlin's National Gallery.

West Berlin's lively artistic present coupled with its rich history earned it the European Community's designation as the year's Cultural City (E'88).

Berlin is the first German city to be so named, and no one has even attempted to count the number of events competing for an audience since Claudia Skoda's multi-media fashion performance, "Dressed to Thrill," officially opened the Cultural City cycle on April 22. "There have been hundreds and hundreds," said Nele Herling, artistic director of Werkstatt (Workshop) Berlin, and one of the event's major organizers. "The basic idea was to get people here to work. To bring artists here, not just for a performance, but to stay longer and give meaning and strength to the concept of Berlin as an international meeting and working place."

Even under ordinary circumstances, there is always something of cultural interest happening here. The museum complex is vast. An estimated 2,000 artists work in West Berlin, and more than 200 galleries are located in the city. The Berlin Philharmonic and Radio Symphony Orchestras are world renowned, as is the Deutsche Oper Berlin. There is also classical, jazz, rock and experimental music, as well as musical theater. In addition to 18 state-run and private theaters, West Berlin plays host to about 150 fringe

Only one year after celebrating its 750th birthday, West Berlin is in the midst of another round of large-scale festivities — this time to celebrate the city's designation as Cultural City of Europe 1988.

theater and dance groups. Film activity in the divided city is increasing, thanks to Berlin's attraction as a natural backdrop, its excellent production facilities, the planned Filmhaus Esplanade and generous financial support. The International Building Exhibition 1987 (IBA) has brought the city's contemporary architecture to international attention. The city is also an important center for fashion and design. Writers discuss their way of life in the beautifully refurbished Literaturhaus Berlin. And then there are the traditional Berlin Festivals, including the widely attended Berliner Film Festival, Theatretreffen (Theater Meeting) Berlin and Berliner Festwochen.

Artists of all nationalities and orientations have long found Berlin a good place to work because of its relatively easy way of life and the freedom of expression allowed (and one might even say fostered) by its anomalous walled-in position. The E'88 Werkstatt program sought to involve young and established artists, art-lovers and students, in the process of creation, rather than in the final product, through a wide-

range series of symposia, performance projects, with multi-media connections particularly promoted.

There have been many precursors to this year's spotlighted workshop orientation. First and foremost, for the past 25 years the Berlin Artists' Program of the DAAD (German Academic Exchange Program) has been inviting international artists of the first rank to live and work in Berlin. Many other organizations, such as the Goethe-Institut, also have a tradition of sponsoring interdisciplinary symposia and workshops in Berlin. In addition, Berlin's "alternative" creative spaces, of which the UFA Fabrik is a prime example, have served as ongoing, community-oriented workshops.

"Berlin — Venue of the New," served as the backdrop for key exhibits including "Positions of Present-Day Art" at the National Gallery, Harald Szeeman's "Zeitlos" or "Timeless" at the Hamburger Bahnhof, and the upcoming "Stages of Modern Art" at the Martin-Gropius-Bau. Divided West Berlin is a young city which, in its short history, has traditionally had an eye and ear out for new developments, and

proved itself open to foreign currents.

Several Werkstatt projects, such as the international dance workshop and the London Sinfonietta and Ensemble Modern (Frankfurt's contemporary music workshop with Berlin school children), may possibly be continued. The city has also grown richer in exhibition and performance spaces, thanks in part to efforts undertaken for the Cultural City of Europe year. And for the many indigenous Berlin groups which felt slighted by, or in competition with, the E'88 proceedings, the Culture Senate's acknowledged attempt to "try everything this year" may yield future benefits. As Matthias Osterwald of Freunde Guter Musik Berlin noted, "I know the politicians will be wondering what they can do after two years of cultural input and increased spending. And I feel there's a greater readiness to support us."

Melissa Drier

Visitors are advised to consult the Berliner Festspiele offices at Budapeststrasse 48, telephone 254 89 250, for information and tickets for Berlin-Cultural City of Europe events. Berlin's two city magazines, Tip and Zitty, offer complete day-to-day listings of cultural events in Berlin.

## Economy *Continued from page 7*

been done through an innovative policy of modernization, which has qualified Berlin as an industrial location and led to greater competitiveness, economic growth and more jobs.

Pieroth, who has been largely credited with masterminding this turn-around, talks about Berlin's "considerable locational advantages," compared to rival regions such as Stuttgart, Munich and the Ruhr. "This is confirmed," he said, "by the number of new firms that have started up here, many of them in the service-facility sector. They offer their services close to the seat of production, and operate in the most diverse sectors — in research and development, in industrial design, engineering, software and advertising. There are sound reasons for this. Berlin is the biggest industrial city in Germany, making it a location of special interest to them." It also offers the shortest route to the Eastern European state-trading countries, he added.

Hans Georg Otto, of the Berlin Economic Development Corporation, said that more than 350 national and foreign enterprises had moved to Berlin in the 1980s, investing billions of Deutsche marks and creating 9,000 new jobs.

The West Berlin government set up the Economic Development Corporation in 1979, at a time when grave fears were being expressed about West Berlin's future in the wake of a drastic loss of industrial jobs. "We were faced with a tough task. The city was going through a turbulent time politically, and the image Berlin had in West Germany and abroad was a bad one, as a result of frequent and somewhat violent demonstrations on the streets," Mr. Otto said.

One person who was instrumental in getting Berlin headed in the right direction again was Richard von Weizsäcker, the city's firm but liberal and conciliatory governing mayor from 1981 to 1984. By the time he left for Bonn, to be succeeded by his then close aide, Mr. Diepgen, there was renewed hope in the city.

"As confidence has been restored

in the city, so companies have shown a greater willingness to set up shop here. Our task in 'selling' Berlin as a city where one can do business was made that much easier," explained Mr. Otto. "New markets are opening up here. West Berlin is again on the move."

Recently, an indication of the kind of interest generated by West Berlin was shown when Glasgow, a city which itself was largely written off a decade ago but is now thriving economically and culturally, spent one million Deutsche marks in the divided city on a trade promotion enterprise.

Pat Lally, the leader of the Glasgow City Council, told newsmen that during 1988 a series of trade and cultural events had been arranged in Berlin. "The KaDeWe, West Berlin's most prestigious department store, is putting on one of our promotions. We are also the main sponsor in Berlin of the British Military Tattoo from September 23 to October 1," he said.

While West Berlin has undoubtedly made some progress, it is still dependent for almost 50 percent of its annual budget on the central government in Bonn, and Mr. Pieroth said the city had to mobilize its own energies to a greater degree before turning to outside help. "Therefore we give private initiative absolute priority over state measures."

When Mr. Pieroth first moved to Berlin in 1981, he was struck, he said, by the fact that Berliners had learned how to complain in the post-war years. The more they complained, the more federal aid they received. But, he added, it was important to make clear to them there would only be a future for the city if they relied on their own powers and energies, and had a vision of turning a dying city into a metropolis worthy of the name.

"Any serious observer would now confirm that Berlin has found itself again," said Mr. Pieroth. "Since 1983, more than 3,000 Berliners have created their own firms, and in the process have helped give the city a climate of greater independence."

Neale Marriott

## Air Travelers Wait After False Start to Price War

The wait continues for lower air fares to West Berlin, despite an attempt earlier this year to increase competition by raising the number of flights and airlines permitted to fly to the city.

Only airlines belonging to the three Western World War II Allies are allowed to fly there. So, until recently, the traveler's choice was limited to Pan American World Airways, British Airways, Air France and a few regional airlines. In May, the Allied civil air air-

Until recently only three major airlines were allowed to fly to West Berlin. A fourth has now joined them, but fares remain as uncompetitive as ever.

lines, who must approve all flight and fare changes to Berlin, aimed to improve service by allowing three additional airlines to fly to Berlin. They also approved hundreds of domestic flights, on routes such as Frankfurt-Berlin, previously flown only by Pan Am.

Trans World Airlines promptly planned to offer an introductory round-trip fare to Frankfurt of 159 DM, below the existing discount fare of 254 DM. With Euro-Berlin France, a new Air Franco-Lufthansa joint venture, scheduled to take off in November and Pan

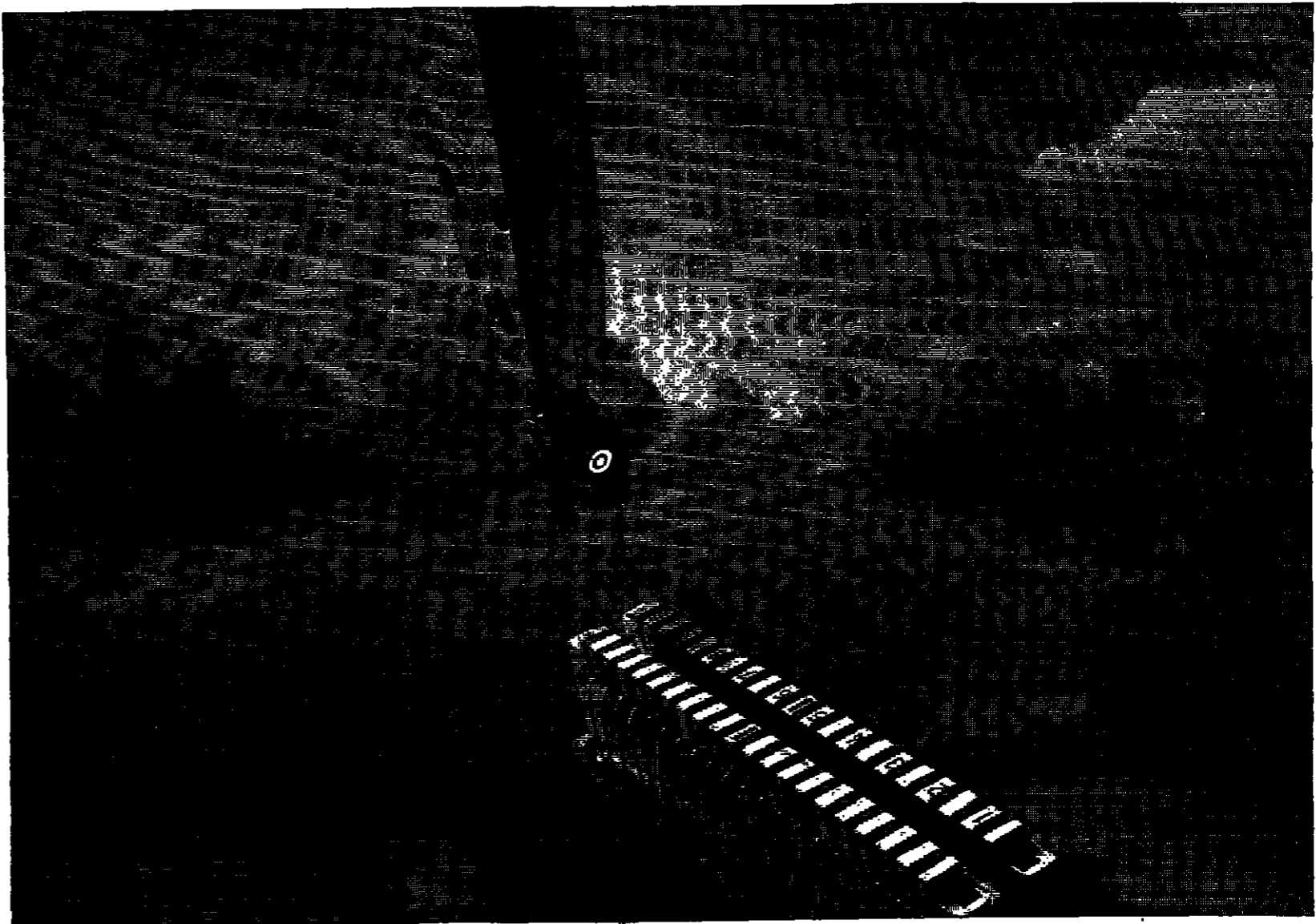
Am already vowing to match TWA's fares, German newspapers declared: "The price war in Berlin air travel has begun." But the attachés did not approve the price cut.

"We were very disappointed," said Charles Adams, senior vice president of TWA's International Division in London. "But we haven't given up. With lower prices, people could tap their discretionary income. Fare flexibility would create tremendous demand."

—Erich E. Toll

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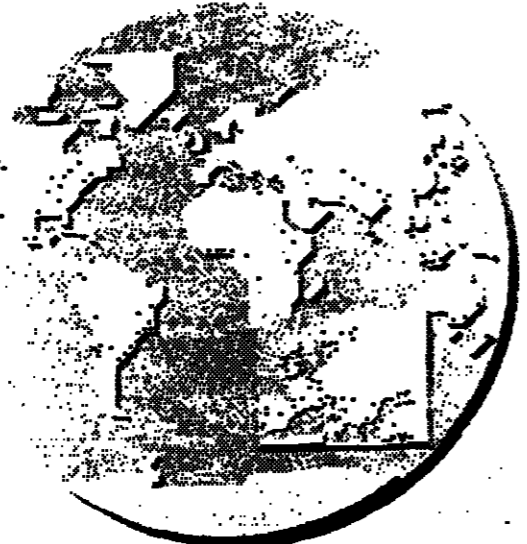
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NYSE Most Actives table with columns for stock symbol, volume, high, low, and change.

Market Sales table showing volume and value for NYSE, AMEX, and OTC.

NYSE Index table showing Composite, Industrial, and Financial indices.

Friday's NYSE Closing logo with the text 'Via The Associated Press'.

AMEX Diary table listing various stock symbols and their prices.

NASDAQ Index table showing Composite, Industrial, and Financial indices.

AMEX Most Actives table listing top active stocks on the AMEX.

Dow Jones Bond Averages table showing various bond indices.

NYSE Diary table listing stock symbols and their prices.

Odd-Lot Trading in N.Y. table showing trading volume for odd lots.

Dow Jones Averages table showing Industrial, Utility, and Composite averages.

Standard & Poor's Index table showing various market indices.

NASDAQ Diary table listing stock symbols and their prices.

AMEX Stock Index table showing various market indices.

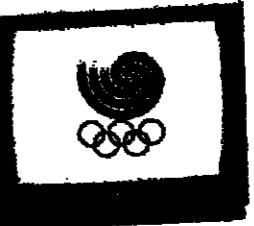
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NYSE Gains in Listless Trading

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(Continued on next left-hand page)



SATURDAY-SUNDAY, SEPTEMBER 24-25, 1988

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ECONOMIC SCENE

Candidates Mum on S&Ls, But Crisis Won't Go Away

By PETER T. KILBORN

WASHINGTON — No matter who wins the presidential election, economists, congressional leaders and the candidates' advisers say a cure to the woeful financial shape of U.S. savings banks has moved to the forefront among the issues that Congress and the next president must tackle upon taking office.

Although the savings industry's regulator, the Federal Home Loan Bank Board, reported Thursday that the losses slowed slightly in the second quarter, they remain enormous, with current estimates averaging around \$50 billion. The 3,092 U.S. quarters reported total losses of \$3.6 billion in the quarter ended June 30, down from \$3.9 billion in the first quarter and the record \$4 billion loss in the fourth quarter of 1987.

The looming problem even provoked the usually frugal chairman of the Senate Banking Committee, William Proxmire, a Wisconsin Democrat, to say Thursday that solving it would require a taxpayer bailout of at least \$20 billion. "If you have to list the top five issues facing the next administration, this is on the list," said Robert E. Litan, an economist at the Brookings Institution.

In the presidential race, with both candidates conspicuously avoiding the difficult issues of the day, the plight of the savings institutions is not immediately apparent as a campaign topic. One reason is that both parties can be blamed, and neither has devised a vote-getting, partisan solution.

The Democrats, who might normally be expected to attack on the issue, have their own difficulties with it. One of their leading congressional figures, Representative Jim Wright of Texas, has been accused of protecting his political friends in the Texas savings industry.

And Republicans could face charges that the Reagan administration's encouragement of deregulation produced an environment in which poorly and fraudulently managed savings institutions were free run up enormous losses without anyone to answer for.

IN ADDITION, proposals to spend the taxpayers' money to correct the problem, which many analysts now take as a given, are not politically attractive when both sides are vowing to reduce the budget deficits by restraining spending for a lot of popular causes.

"I don't believe Bush or Dukakis will have a choice," said Roger Altman, a New York investment banker and former Treasury official who is also an adviser to Michael S. Dukakis, the Democratic candidate. "It is not a matter of choosing to address it early. It's a matter of being forced to address it."

Martin S. Feldstein at Harvard, a former chief economic adviser to President Ronald Reagan and now an adviser to Vice President George Bush, the Republican candidate, agreed. "The patient is bleeding," he said. "The sooner you act, the less blood you lose."

Senator Phil Gramm, Republican of Texas and co-author of Congress's budget-balancing law, said: "A bad thing has happened. Somebody has to pay for it. Who's it going to be? The important thing is to move ahead quickly and boldly."

Many people with an interest in the plight of the insolvent savings institutions are devising solutions of their own for the next administration and Congress to consider as nonpartisan concern for the economy and the banking system, not politics, force the issue.

Some of the solutions are similar to the one Mr. Proxmire made on Thursday: the taxpayer bailout, along with tighter regulation to thwart the industry's loose banking practices, and denying foreign-exchange markets.

Currency Rates

Table with columns for Currency, Par 5, Par 10, etc. Rows include Great Britain, France, West Germany, etc.

Changes in London, Tokyo and Zurich. Figures in other centers, New York closing rates. Commercial franc 1: To buy one dollar; To buy one dollar; Units of 100; N.A.: not available.

Table with columns for Currency, Par 5, Par 10, etc. Rows include Canada, Japan, Australia, etc.

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J. Carter Bacot, chairman of Bank of New York.



Joseph A. Rice, chairman of Irving Bank.

A Tale of 2 Banks: Awaiting the Finale

By Sarah Bartlett

New York Times Service

NEW YORK — On the evening of May 6, two of Wall Street's leading lights, Eric Gleacher and Martin Lipton, could be found celebrating at a birthday dinner for Mr. Gleacher's wife at a fashionable Manhattan restaurant.

Despite the occasion, the two men found time to do business. They were on opposite sides of a battle between Bank of New York Corp. and Irving Bank Corp., the first hostile takeover attempt involving two big U.S. banks.

Only hours earlier, shareholders had cast votes for two rival slates of Irving directors, but the results would not be known for several days.

After dinner, the two men stepped outside. Both believed the vote was too close to call. Mr.

Bank of New York's Takeover Bid For Irving Enters Its Second Year

Mr. Rice declined the offer the next day, and then Bank of New York made its \$1.4 billion offer public.

By many estimates, this is the longest-running takeover battle ever to involve a major U.S. corporation. It has drawn on a full range of corporate weapons — poison pills, proxy fights and white knights.

It will ultimately cost the two sides about \$40 million in advisory fees, as well as the incalculable cost of distracted employees and lost business opportunities.

When Bank of New York first made its bid for Irving, industry analysts quickly predicted that

banking would undergo the same kind of merger frenzy that has reshaped the industry landscape.

But now many members of the financial community have begun to conclude that hostile takeovers of banks are an exercise in futility.

That view could have serious implications for the industry. Many experts believe that, with increasing global competition, the advent of nationwide banking and the easing of barriers between securities firms and banks, the U.S. banking industry will have to go through extensive consolidation.

If that consolidation can be achieved only through friendly mergers, the industry may not be able to adapt quickly enough.

In this case, however, the probability is high that the industry will undergo a more radical restructuring. See IRVING, Page 19

Currency Intervention Becoming More Effective Under G-7 Cooperation

By Jonathan Fuerbringer

New York Times Service

NEW YORK — After winning another battle this summer, the world's industrial democracies are beginning to offer convincing evidence that, more than before, they can influence the course of the volatile foreign-exchange markets.

In the three years since their historic Plaza accord, the finance ministers of the United States and its allies have dutifully intervened in the markets with coordinated purchases and sales of dollars and other currencies with repeated success and few failures.

And, more important, they have backed up their actions with economic cooperation that has finally given their intervention, often ineffective in the past, some real thrust.

With such coordination, there is a better chance that the world financial system can avoid the disruptive swings in the dollar that have occurred since currencies were

allowed to float freely in 1973. These swings can hurt economies, make a country's exports less competitive abroad and stir general talk of trade retaliation.

"When you look back 10 years from now, this will be one of the best-managed exchange rates in a long time," James T. McGroarty, vice president of the Discount Bank of New York, said of the past three years. "It's been intriguing to me. I was slow in recognizing how the Plaza changed things."

The latest test of the Plaza accord came this summer when a dollar rally appeared to be getting out of hand, forcing the cooperating governments to step in with billions of dollars of market intervention.

By September, however, the dollar was in harness again.

The intervention had gained enough time for a changing economic outlook and coordinated interest rate actions to wane the bullish talk of currency traders.

Indeed, as the finance ministers of the world gather for meetings of the International Monetary Fund and the World Bank in Berlin this weekend, intervention is again seen as one of the important management tools used to influence the course of the 24-hour currency markets, which daily churn out more than \$400 billion worth of trades around the world.

But the debate about the effectiveness of intervention continues because some traders and economists still doubt that even billions of dollars of intervention can move a market that is a hundred times larger.

After being shunned as ineffective during the first four years of the Reagan administration, intervention returned to center stage as part of the accord on foreign-exchange policy reached at the Plaza Hotel in New York three years ago Thursday.

In the four major episodes of intervention since then, during which the United States sold or bought more than \$16.7 billion and other central banks spent billions more, one helped turn the dollar around, one helped it decline sharply and

the third tried, but failed, to support the dollar.

The fourth big effort was this summer. The immediate aim of the Plaza meeting was to get the Group of Five nations — the United States, France, West Germany, Britain and Japan — to cooperate in a major effort to push down the value of the dollar. The addition of Italy and Canada has focused the Group of Seven.

More important, the Plaza agreement marked a new attempt at economic cooperation in which the allies would shape their fiscal and monetary policies with regard to their international consequences.

Better coordination can prevent disparities — such as the U.S. trade imbalance that led to record merchandise deficits in the 1980s — that can send one currency up or down sharply.

This new cooperation makes a difference. Unlike periods of intervention in the 1970s, when it could be uncoordinated and isolated, intervention is now orchestrated

and better guided by cooperative economic goals.

Changes in economic policies, such as a rise in interest rates, often back up the initial push of central banks' intervention.

This makes intervention, said Craig S. Shular, manager for foreign-exchange risk at Union Carbide Corp., an early warning of policy shifts that the market has to head.

Just this summer, intervention in the markets was backed up by an interest rate increase in West Germany.

That move weakened the dollar in relation to the Deutsche mark as more foreign investors began buying bonds denominated in marks.

"Intervention now would be perceived as a unified front, and if it is not successful at the beginning it will be leveraged up and become successful," Mr. Shular said.

"That is what has got us stuck in this tight range now. Eighty percent of the market wants to be long dollars now, but

See INTERVENTION, Page 17

Judge Seeks To Indict De Benedetti

By Sarah Bartlett

New York Times Service

MILAN — A judge investigating Italy's biggest postwar banking scandal has asked for the indictment of the industrialist Carlo de Benedetti in connection with the collapse of Banco Ambrosiano, legal sources said Friday.

Mr. de Benedetti, who runs the Olivetti SPA group in Italy and is the leading minority shareholder of Societa Generale de Belgique, has been under investigation for 14 months over the sale of his shares in Banco Ambrosiano just before it went bankrupt in 1982. The case also has links with the Institute for Religious Works, the Vatican bank.

The Vatican bank was the largest shareholder of Banco Ambrosiano, which collapsed in August 1982 leaving \$1.3 billion in bad debts.

Legal sources said a Milan investigating magistrate, Pierluigi Dell'Osso, had asked senior judges to send Mr. de Benedetti for trial on charges of extortion against Roberto Calvi, once chairman of Banco Ambrosiano.

Mr. Calvi's body was found hanging from a London bridge in June 1982.

Giandomenico Pisapia, Mr. de Benedetti's lawyer, said there were no grounds for extortion charges against his client.

Milan judges have been investigating whether Mr. de Benedetti profited illegally from his investment in Banco Ambrosiano. He invested \$37.1 million for a 2 percent stake in the bank before he was appointed deputy chairman. He sold the stake when he resigned 65 days later, citing disagreements with Mr. Calvi.

Court sources indicated Mr. de Benedetti is suspected of having threatened to reveal irregularities in Banco Ambrosiano's operations. (AP, Reuters)

Lonrho Sells Subsidiary Amid Discussion of Defensive Moves

By Sarah Bartlett

New York Times Service

LONDON — Lonrho PLC has agreed to sell a West German glassmaker it bought about a year ago to Oberland Glas AG, the buyer said Friday, amid statements that Lonrho would consider a management buyout or asset sales to fend off the corporate raider Asher B. Edelmann.

Discussing potential defensive moves, Paul Spicer, a Lonrho director, said, "If shareholders want us to break the company up and release \$5 [\$10] a share, the best time in the world for selling the assets is the Lonrho board."

He also said, "We, the board, and Mr. Rowland, moving together, could buy it. There are such things as management buyouts." His reference was to the chief executive of Lonrho, R.W. Rowland.

But, Mr. Spicer added, "The best thing that could happen is for shareholders — and they always have been very loyal to us — to stay with us." In a year or two, he said, shares could go as high as £8 or £10.

"Attention has focused on the underlying asset value of Lonrho since it was revealed that Mr. Edelmann holds a 3.79 percent stake in the group.

Earlier this week Lonrho obtained a court ruling to freeze Mr. Edelmann's holdings in the British conglomerate.

Lonrho's largest outside shareholder is Mutual Shares Inc., a U.S. investment concern that has a 6.7 percent stake. Mr. Rowland holds about 15 percent of the conglomerate.

Analysts said the asset value of Lonrho is about £5 or £6 per share, compared with a closing share price of 304 pence on Thursday.

Mr. Spicer said defensive measures are not considered "necessary" at this time, but noted that the large stake Mr. Rowland holds in the group is a help.

Mr. Rowland is the man who built up Lonrho from a sleepy African mining company in the 1960s into a group that now has 150,000 employees controlling about 1,000 subsidiaries in 40 countries.

Although he is 70, analysts and company aides say Mr. Rowland remains firmly at the helm of Lonrho. Any predator could expect a rough fight.

"There will be a battle royale," said Bob Carpenter, an analyst with the brokerage Kitco & Aitken & Co.

Interest in Lonrho has also increased after the unrelated £2.9 billion bid on Wednesday by Minerals & Resources Corp. for Consolidated Gold Fields PLC, which brokers said was another bid for undervalued assets.

Oberland, another West German glass producer, said it would take over Ruby Glas AG for an undisclosed amount. Ruby Glas, formerly known as Veba Glas, was purchased by Lonrho in 1987 from Veba AG.

Ruhr Glas, which is based in Essen, employs 1,700 people and has annual sales of about \$30 million. Deutsche marks (\$160 million). Lonrho holds an 80 percent stake in the company.

Oberland Glas, which employs 1,150 people, had sales of \$28 million DM last year. The French glass-making and industrial group Compagnie de Saint-Gobain owns 24.9 percent of Oberland Glas and intends to raise its stake to 35 percent.

Mr. Spicer said asset sales would never be ruled out. "If it is in the interest of shareholders," he said, "we will do it."

He noted that "if someone came in and offered us £300 million for an asset, like The Observer, we might say, 'Well, we all love The Observer, but £300 million is a lot of money.'"

Lonrho's operations include hotels, newspaper publishing, motor distribution and mining. They include the third-largest platinum mine in the world, Western Platinum in South Africa, as well as Volkswagen and Audi sales distribution networks and The Observer, a Sunday newspaper in Britain.

Mr. Spicer said the current aim of Lonrho was to continue to concentrate on the group's core businesses of hotels, mining and car distribution.

Lonrho also has said it wants to expand in the Far East. Last year the company obtained a listing on the Tokyo Stock Exchange. It has taken some cross holdings in Nishio Iwai Corp. of Japan, a local trading house.

Mr. Spicer said the group had considered taking over a major group in the region, but the prices were too steep.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, Yield, etc. Rows include Merrill Lynch Ready Assets, etc.

Source: Merrill Lynch, Tyler, Lynch.

Gold

Table with columns for Location, Price, etc. Rows include Hong Kong, London, etc.

Source: Reuters.

The Value Line brings you HARD FACTS ON 1700 AMERICAN STOCKS. The Value Line Investment Survey covers more than 1700 American stocks, which account for over 90% of all dollar trading volume in U.S. equity markets. With The Value Line Survey, you have objective evaluations—updated every week—of just about any American stock that's likely to come to your attention.

Fr Friday's NYSE Closing

Table of NYSE closing prices for various stocks, including 12 Month High/Low, Div, Yld, PE, and Close. Includes a list of 100 stocks and their respective prices and changes.

Table of NYSE High-Lows, listing stock symbols, current prices, and daily high/low values.

Table of AMEX High-Lows, listing stock symbols, current prices, and daily high/low values.

U.S. Futures Via The Associated Press

Table of U.S. Futures prices, including Wheat, Corn, Soybeans, and other commodities, with columns for contract type, price, and change.

Currency Options

Table of Currency Options prices for various currencies, including British Pounds, Swiss Francs, and Japanese Yen.

U.S. Treasuries

Table of U.S. Treasury bond yields and prices for various maturities, including 1-month, 3-month, and 10-year bonds.

London Metals

Table of London Metals prices for commodities like Aluminum, Copper, and Nickel.

Paris Commodities

Table of Paris Commodities prices for various agricultural and industrial goods.

Dividends

Table of Dividends for various companies, showing dividend amounts and dates.

Spot Commodities

Table of Spot Commodities prices for various raw materials and agricultural products.

DM Futures Options

Table of DM Futures Options prices for various international currencies.

Company Results

Table of Company Results, listing company names, revenue, and profit figures.

U.S. Carmakers Report 6.7% Rise in Sales for Mid-September Period

DETROIT — U.S. cars sales during mid-September rose 6.7 percent compared with the same period a year earlier, U.S. automakers reported Friday.

French Bank Rethinks New Credit Card Rates

PARIS — France's biggest commercial bank appeared ready to back off a big increase in credit card charges on Friday after the Socialist government stepped in.

S&P 100 Index Options

Table of S&P 100 Index Options prices, including call and put options for various strike prices.

London Commodities

Table of London Commodities prices for various goods traded in London.

DM Futures

Table of DM Futures prices for various international currencies and their options.

CURRENCY MARKETS

Dollar Falls Before G-7 Meeting

United Press International
NEW YORK — The dollar fell against most major foreign currencies Friday, despite a boost after the release of U.S. durable goods orders for August...

London Dollar Rates

Table with columns: Currency, Ft., Trl.
Includes entries for Deutsche mark, Swiss franc, Japanese yen, Swiss franc, French franc.

after climbing above the psychologically important \$400 level. Gold for December delivery ended \$5.30 lower at \$399.30 an ounce...

Dollar Target Is Opposed

NEW YORK — A key advisor to Michael S. Dukakis, the U.S. Democratic presidential candidate, said Friday that he opposed targeting an exchange rate level for the dollar...

THRIFTS: A Ready-Made Crisis for Next President

(Continued from first finance page)
have stopped loan payments, and sell it whenever its value improves.

The American Bankers Association, fearful that its member commercial banks will be called upon for aid, would set up a means to liquidate the insolvent savings institutions.

Some also say they hope that more private investors, like a few who with government aid have bought savings units in Texas and California, might see an opportunity in taking more of them over.

Gold, reacting to lower crude oil prices, fell after gaining earlier in European markets. The dollar finished at 1.8748 Deutsche marks, compared with 1.8678 DM Thursday...

Finance ministers and central bankers from the Group of Seven major industrial nations are to meet Saturday in West Berlin, and investors were hanging back before the meeting, dealers said.

Analysis said the drop in oil prices, particularly before the meeting this weekend of the OPEC pricing committee meeting, shook the confidence of traders who bought gold early.

Lawrence Summers, professor of economics at Harvard University, also said it was impossible to say at what level the dollar should trade to correct world trade imbalances.

Mr. Summers was speaking after a luncheon address in New York. Reiterating a Dukakis theme, Mr. Summers said increases in taxes should be used only as a last resort to bring down the federal budget deficit.

Representative Charles E. Schumer, a New York Democrat and a senior member of the House Banking Committee, said he planned legislation that would require aid from healthy savings institutions and possibly commercial banks.

The new Treasury secretary, Nicholas F. Brady, who has been skeptical of some analysts' estimates that the losses are hurtling toward \$100 billion, has ordered an internal analysis of the figures. But Treasury officials say he considers the problem big enough to include in the analysis a proposal to solve it that he would submit to the president-elect.

And they express hope that the bank board can contain the problem by moving more quickly to close the most troubled ones.

IMF: Some Balk at Debt Relief

(Continued from page 1)
designed to head off inflationary pressures, have raised fears among some analysts of a further round of competitive increases.

dent has been emphasizing that the prime responsibility of its policy making is monetary policy, not stabilizing exchange rates.

INTERVENTION: Coordination by G-7 Is Making for Greater Influence on the Foreign-Exchange Markets

(Continued from first finance page)
that 80 percent doesn't want to take on the central banks," he said.

operation, and the Federal Reserve Board in Washington. The reasons for intervening vary. As was the case this summer, it can be an effort to stop a rise of the dollar.

If the Federal Reserve wants to be discreet, it will have a commercial bank act as its agent. Thus the transaction is in the name of the bank, not the government.

Announcements from key government officials about where they want the currency market to go also are a form of intervention in the market.

Some traders and economists argue that this summer's intervention showed that the method works.

Others come to the opposite conclusion. They argue that intervention alone cannot turn the market. A broader change in economic policy, including changing interest rates, is necessary, they argue.

FREE INFORMATION FROM INTERNATIONAL INVESTOR XI

Herald Tribune. The latest information from the distinguished companies listed in this section is available to you at no charge.

ALFA-LAVAL. Alfa-Laval is one of the World's largest suppliers of milking equipment and processes for the food processing and other industries.

BAYERISCHE VEREINSBANK. BAYERISCHE VEREINSBANK, the largest private banking group in the long-term credit sector in the Federal Republic of Germany.

CGE. CGE is the French parent company of an international group, with over 1,000 subsidiaries and affiliates and 200,000 employees, which is present in 80 countries.

CREDIT BANK. CREDIT BANK A.E. is the largest private sector bank in Greece. In 1987, assets increased by 26% to Dr. 554,217 million.

ECONOCOM. Econocom International is the industry leader in consultancy and services for data processing and telecommunications.

HARRIS/3M. NEW 115AD FAX. DON'T WAIT ANY LONGER. You can't do without Fax for fast, efficient communications.

Limburg. Your European hub. There is a location in Western Europe where 50 million consumers live within a distance of no more than 130 miles.

NATIONALE NEDERLANDEN. Reports excellent half yearly results. Nationale-Nederlanden is the largest insurance group in the Netherlands and one of the largest in the world.

SCOR. The activities of re-insurance cover every specific field of insurance. As a result, they are wide-ranging and entirely international-minded.

TRANS EUROPE FUND N.V. Trans Europe Fund — quoted on the Amsterdam Stock Exchange — is one of Europe's fastest growing open end investment funds.

Herald Tribune. 1 2 3 4 5 6 7 8 9 10. Name \_\_\_\_\_ Company \_\_\_\_\_ Address \_\_\_\_\_ City \_\_\_\_\_ Code \_\_\_\_\_ Country \_\_\_\_\_





BUSINESS ROUNDUP

Delta Order Gives a Lift to MD-11

By Julia Flynn Siler
New York Times Service
CHICAGO — McDonnell Douglas Corp. and its MD-11 program will get a much needed boost from Delta Air Lines' huge aircraft order.

medium-range twin-engine plane. The order provides a boost for McDonnell Douglas's MD-11 program. Since the company announced its decision to build long-range wide-bodies in late 1986, sales have lagged behind those of Boeing's family of wide-bodies.

McDonnell Douglas over the long term," said Peter Asazian, an airline analyst at Smith Barney, Harris Upham & Co. "But unfortunately, it doesn't change the short term, and I continue to be terribly concerned about the weakness in their balance sheet."

Skandia to Buy Remainder of Foreign Unit

STOCKHOLM — Sweden's largest insurance company, AB Skandia, offered Friday to buy 3.6 billion kronor (\$558 million) for the 55 percent of its international unit that it does not own.

IRVING: Bank of New York's Hostile Bid Is Entering Its Second Year

(Continued from first finance page)
tracted nature of the struggle has as much to do with personalities and attitudes as with the process. Of course, subjective factors always play a role in takeovers. And Mr. Lipton contends that they have played a large role here.

Table with financial data for Bank of New York and Irving Bank, including metrics like Total Assets, Net Income, and Return on Assets for various periods.

Table with financial data for AT&T, including metrics like Total Assets, Net Income, and Return on Assets for various periods.

offered to improve its bid, Irving promptly solicited another bid from Banca Commerciale. Bank of New York charged that Banca Commerciale's offer was not genuine, but designed to thwart them.

Gillette Workers Fight to Save Razor Factory in France

because demand for its main product — double-edged razor blades — is falling as disposable razors become more popular, and because Gillette says it is under pressure to cut costs to fend off takeover. Workers contend that the plant is profitable.

mountain climbers scaled Mont Blanc in Chamonix, Europe's highest summit. They planted a flag that said "No" to the closing of the Gillette plant.

Jean-Francois Touhans, leader of the workers' committee, said he had received "strong and wide-ranging support" for the campaign and was ready to launch a nationwide boycott against Gillette products if the plant is closed.

Workers and city officials say the new threat came from pressure placed on management to cut costs after takeover attempts by Coniston Group and Revlon Inc.

Second, Mr. Baot felt that Irving had betrayed him by saying one thing and doing another. "We thought we were being used," Mr. Baot said. "They were never serious about negotiating, and they never have been."

Mr. Baot seemed almost offended by Irving's resistance, and that resistance has grown increasingly intense. After Mr. Rice turned down Mr. Baot's initial offer, for example, Irving spent the next few months lobbying the Federal Reserve and Congress to persuade them that hostile takeoveres were dangerous for the industry.

Irving's fate, instead, has been in the hands of its 14 outside directors, many of whom are chief executives of leading corporations, who have met 28 times since Mr. Baot first approached the bank.

It is possible, instead, that Mr. Baot has become so trapped in the correctness of his position that he has not been able to see his way clear to negotiate with Irving's board.

Friday's OTC Prices
Special to the Herald Tribune
NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks, including columns for Stock, Div., Yld., PE, and High/Low prices.

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Table of OTC prices for various stocks, including columns for Stock, Div., Yld., PE, and High/Low prices.

Friday's AMEX Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of AMEX closing prices for various stocks, including columns for Stock, Div., Yld., PE, and High/Low prices.

BOOKS

TWO LIVES, ONE RUSSIA

By Nicholas Daniloff. 307 pages. \$19.95. Houghton Mifflin, One Beacon Street, Boston, Mass., 02108.

Reviewed by Harrison E. Salisbury

SINCE the reign of Ivan the Terrible, secret police agencies have played an important, sometimes the most important role, in Russian government. That continuity and the deadly thrust it has given to Russian life lie at the heart of Nicholas Daniloff's remarkable work, "Two Lives, One Russia."

This is a double story, Daniloff's account of his arrest in Moscow as an American correspondent in 1936, and that of his great-grandfather, Alexander Frolov, one of a group of young Russian officers whose arrest in the "Decembrist conspiracy" of 1825 led Czar Nicholas I to create the Third Department of his Imperial Chancellery, direct ancestor of today's KGB.

The parallels between Daniloff and his famous ancestor are not very close. Frolov spent 10 years in prison and 20 years in Siberian exile. He was guilty of the charge against him, Daniloff spent 14 nervous days in Moscow's old Lefortovo prison from Aug. 30 to Sept. 12 in 1936. He was guilty of nothing, an accidental pawn in the endless and often aimless game of spy and counter-spy played by Soviet and American security agencies.

Daniloff was packing up to leave Moscow after five years as correspondent for U.S. News & World Report when he was arrested. His Russian was fluent. He knew all about the Soviet police and their shoddy tricks. He took reasonable care against provocation but, now and then, he let his guard down. He could not cut himself off from all Russian contacts even though he was well aware that some of the Russians he met were bound to be provocateurs. One such, as it turned out, was "Misha from Frunze," a chance acquaintance who foisted on Daniloff a packet of photographs and maps and set the American up for arrest.

Another enigmatic figure was "Father Roman," who thrust upon Daniloff a letter to be delivered to the American ambassador. Daniloff should have followed his wife Ruth's instant response: "Burn it." He didn't. He took it to the American Embassy. In a bitter coda to his account of his arrest and imprisonment, Daniloff reveals that after his release he learned that the

embassy the "Father Roman" letter had been given to the CIA station chief in Moscow who then contacted Roman. Moreover, the agency had used Daniloff's name in monitoring phone calls and in at least one open letter. Fortunately for Daniloff his case became an international sensation. President Ronald Reagan and Mikhail Gorbachev personally became involved. With all this hubbub Daniloff was released.

So was Genadi Zakharov and that was the main point. Zakharov, a Soviet employee, was arrested in New York City by the FBI. Daniloff's arrest in Moscow was a simple diplomatic ploy, the basis for a trade, you release our man, we release yours.

What was striking about the Daniloff case, as his book makes clear, was the care with which material against him had been stockpiled over the years in the event the KGB at some moment would find it in their interest to put him in custody.

And even more important is the question posed by Daniloff: "Why did the FBI arrest Genadi Zakharov, a Soviet physicist assigned to the United Nations secretariat, just weeks before an expected summit?"

Daniloff provides no answer but for years observers have noted with curiosity the frequency with which headlines incidents, usually involving spying or intelligence, seem to occur at moments when the United States and the Soviet Union are groping toward better relations. It could be just coincidence. Some have suggested that the shadow of summery is a propitious time for daring espionage exploits since chiefs of state might be reluctant to blow a whistle.

In fact, whatever its origin, the Daniloff case was handled with considerable diplomatic skill in both Washington and Moscow. It was used by Washington to obtain the release of the dissident Yuri Orlov and some other detainees as the two sides agreed to a new summit meeting in Iceland.

If anyone on either side had thought that the Zakharov-Daniloff case would seriously derail U.S.-Soviet relations, they were disappointed. But it has left disturbing and unanswered questions.

Harrison E. Salisbury was for many years Moscow correspondent of The New York Times. He wrote this for The Washington Post.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Sept. 23

Table with columns for Amsterdam, Frankfurt, London, and other markets. Includes sub-sections for Amsterdam, Frankfurt, London, and others.

Table with columns for Helsinki, Hong Kong, Johannesburg, and other markets.

Table with columns for Manila, Mexico, and other markets.

Table with columns for Moscow, New York, and other markets.

Table with columns for Paris, Sao Paulo, and other markets.

Table with columns for Singapore, Tokyo, and other markets.

Table with columns for various international indices and exchange rates.

Table with columns for various international indices and exchange rates.

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Table with columns for various international indices and exchange rates.

Table with columns for various international indices and exchange rates.

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Market Closed

The Tokyo stock market was closed Friday for a holiday.

Table with columns for various international indices and exchange rates.

Table with columns for various international indices and exchange rates.

Table with columns for various international indices and exchange rates.

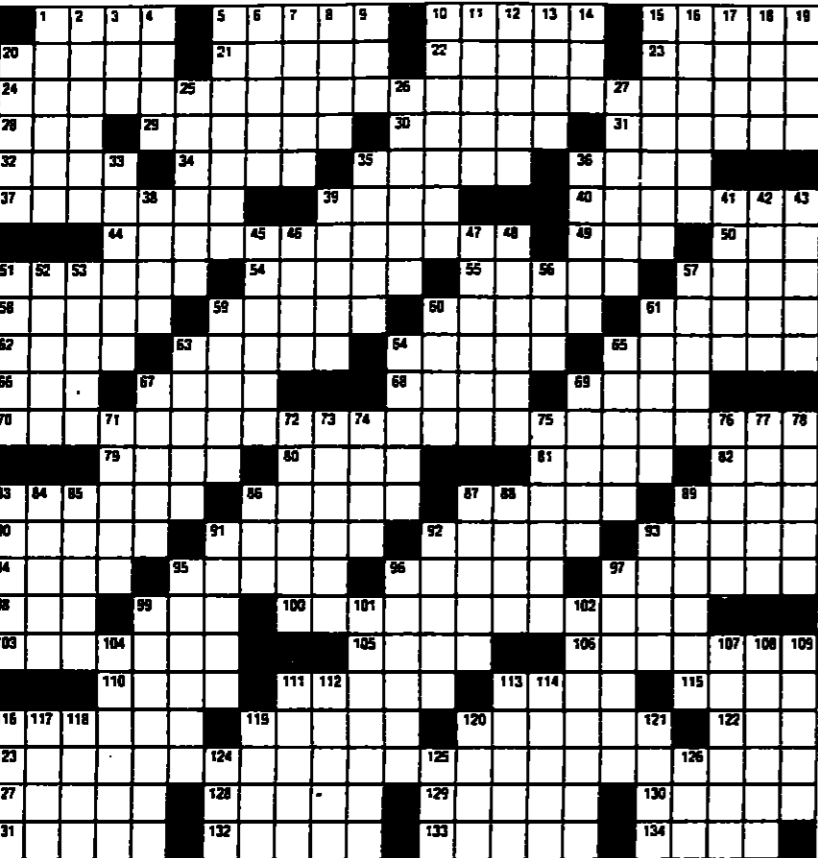
Table with columns for various international indices and exchange rates.

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Table with columns for various international indices and exchange rates.

Table with columns for various international indices and exchange rates.

Brief Encounters By Betty Jorgensen



- ACROSS
1 Town SW of Padua
5 Scrub
10 Moroccan capital
16 Hangars
20 Square columns
21 Creator of Truthful James
22 -- Levant, French island
23 Divided country
24 WHAT HE WAS DOING
25 Three: Prefix
29 San --, W.R. Hearst's castle
30 Soprano Calvé and Eames
31 Items thrown by Eric
32 Carry on
34 -- we for--
35 Etymology
36 Ritual
37 Kind of market
39 Lament
40 An act of suppression
44 WHAT HE SAW
49 Shamus
50 Stag's mate
51 Railroad stations
54 Home on a tor
55 --Sung cowboy of movies
57 Bride part
58 H. Clay, to A. Jackson
59 Italian city on the Po
60 Dispatch boat
61 Desist
62 Wife's man
63 U.S. voters since 1920
64 Haze-smoke mixture
65 Pastors' homes
66 -- shrew
67 Wagnarian earth goddess
68 Basso Italo
69 Filly's father

- DOWN
70 WHAT HE ASKED
79 Fixes the squeaks
80 Nine: Comb. form
81 Dark-suit
82 Me, to Miss Piggy
83 "Of in the --"
84 "Night": T. Moon?
86 Pled with potions
87 With 78 Down, Dupont source
89 Part of h.c.l.
90 Entire
91 Small nightclub
92 Emblem on a Greek flag
93 Street show
94 Nose-bag contents
95 Luscious Russian: 1853
96 Prepare oysters
97 Art. managers
98 Kind of virus
99 Forbid
100 WHAT SHE REPLIED
105 Ancestry
108 Unsubstantial
106 Bloch symphony
110 Scraggly rooms
111 Claret source
113 Great: Comb. form
115 European tree
116 Like some idols
119 Bridal path
120 Cleanse the throat
122 Bonaparte's marshal
123 WHAT HE SIGHED
127 Lustrous fiber
128 A.L. home-run leader: 1941
129 Landed estate
130 Umic of force
131 Ancient chariot
132 "Sing -- song for me": C. Rossini
133 Oscar, e.g.
134 Germ.

DOWN

- 43 Hereditary factors
45 Member of a Kenyan secret society
46 "The Way"
47 Member of largest Indian group in U.S.
48 French Prime Minister: 1847-48
51 Chancey: from N.Y.
52 January, in Avila
53 Hidden
56 Half an African fly
57 Continue a subscription
58 Commotions
60 One of a Latin 1
61 Jeweler's weight unit
63 In a distorted way
64 Charger
65 Bearings
67 Caesar's early post
69 Vaudeville acts
71 Lazes
72 Pope: 795-816
73 Put in place (second spelling)
74 Kind of brace or bend
75 "Seaward's"
76 Sec. ASKED
77 Also-ran
78 Buzzards'
83 Side arm
84 Macbeth's earned title
85 Tiny amounts
86 June bug
87 For real
88 Pawn
89 Pranks
91 Inclinations
92 Circumpect
93 Mystical poem
95 Potassium supplier
96 Heists
97 An East African

WEATHER

Table with columns for EUROPE, ASIA, NORTH AMERICA, AFRICA, LATIN AMERICA, MIDDLE EAST, and OCEANIA. Includes high and low temperature forecasts.

DOWN

- 1 Snare
2 Try hard
3 Chinese truth

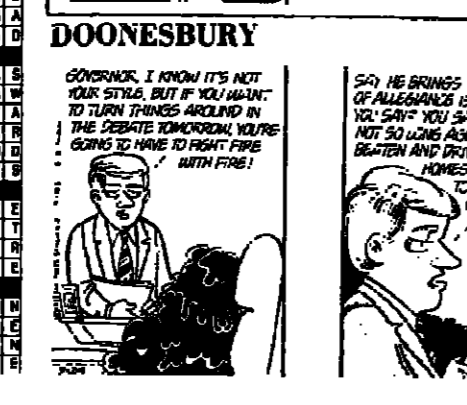
DOWN

- 4 They're often smoked
5 Impossible fancy

Solution to Last Week's Puzzle

A crossword puzzle grid with the solution filled in.

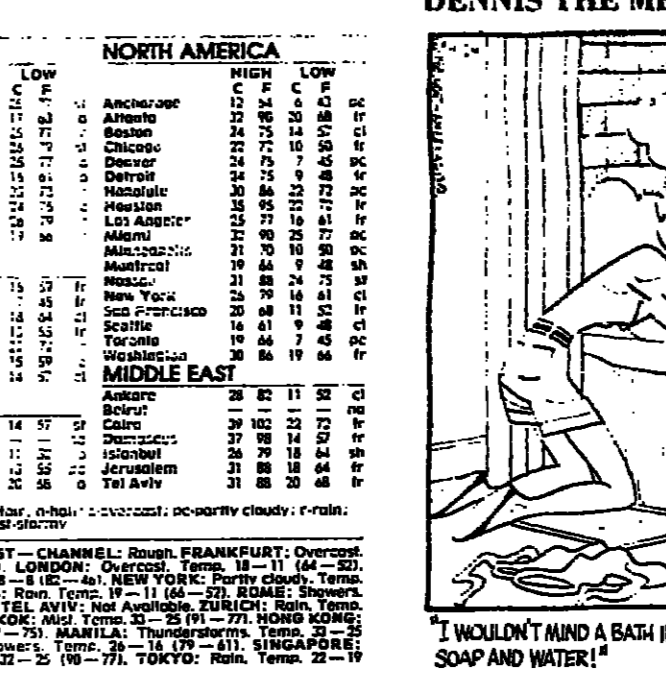
DOONESBURY



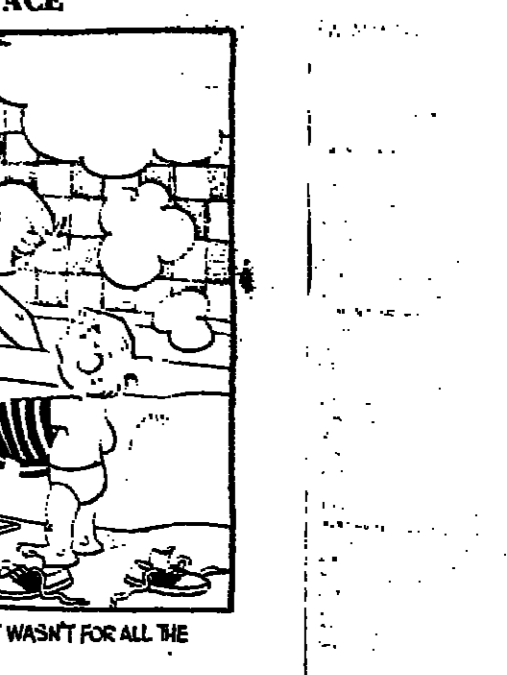
DOONESBURY



THE GLOBAL NEWSPAPER



DENNIS THE MENACE



"I WOULDN'T MIND A BATH IF IT WASN'T FOR ALL THE SOAP AND WATER!"

ANDY CAPP



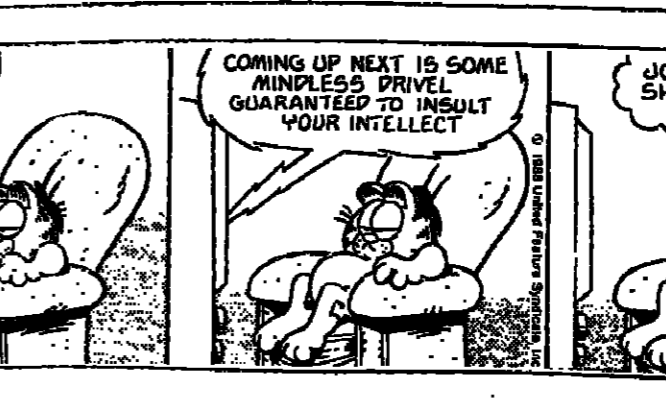
WIZARD OF ID



REX MORGAN



CARFIELD



WORLD MARKETS IN REVIEW

IN THE BUY EVERY MONDAY A WEEKLY REVIEW OF WORLD STOCK MARKETS ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS - WORLDWIDE

MEDALS

Table showing medal counts for various countries in the Olympics. Columns include Country, Gold, Silver, Bronze, and Total.

FENCING

Table of fencing results for individual sabre and team epee events.

GYMNASTICS

Table of gymnastics results for women's individual all-around and men's individual all-around events.

SHOOTING

Table of shooting results for men's rapid fire pistol and men's running game target events.

SWIMMING

Table of swimming results for men's 200-meter breaststroke and men's 50-meter freestyle events.

TRACK AND FIELD

Table of track and field results for men's 200-meter breaststroke and men's 50-meter freestyle events.

WOMEN'S 200-METER BREASTSTROKE

Table of women's 200-meter breaststroke results.

WOMEN'S 50-METER FREESTYLE

Table of women's 50-meter freestyle results.

WOMEN'S 200-METER BREASTSTROKE

Table of women's 200-meter breaststroke results.

WOMEN'S MARATHON

1. Rosa Mota, Portugal, 2:29:25 (2:29:25); 2. ...

MEN'S 100 METERS

1. Carl Lewis, U.S., 10.14; 2. ...

MEN'S 200 METERS

1. Carl Lewis, U.S., 21.34; 2. ...

MEN'S 400 METERS

1. Kip Keino, Kenya, 4:55.8; 2. ...

MEN'S 800 METERS

1. Kip Keino, Kenya, 1:59.4; 2. ...

MEN'S 1500 METERS

1. Kip Keino, Kenya, 4:13.4; 2. ...

MEN'S 5000 METERS

1. Kip Keino, Kenya, 16:53.4; 2. ...

MEN'S 10000 METERS

1. Kip Keino, Kenya, 37:11.4; 2. ...

MEN'S 20000 METERS

1. Kip Keino, Kenya, 82:11.4; 2. ...

MEN'S 50000 METERS

1. Kip Keino, Kenya, 181:11.4; 2. ...

MEN'S 100000 METERS

1. Kip Keino, Kenya, 371:11.4; 2. ...

OLYMPICS ON TV

SATURDAY, SEPT. 24. 9:30 AM-10:00 AM (TV 1): ...

SUNDAY, SEPT. 25

9:30 AM-10:00 AM (TV 1): ...

WOMEN'S 100 METERS

1. Carl Lewis, U.S., 10.14; 2. ...

WOMEN'S 200 METERS

1. Carl Lewis, U.S., 21.34; 2. ...

WOMEN'S 400 METERS

1. Carl Lewis, U.S., 48.14; 2. ...

WOMEN'S 800 METERS

1. Carl Lewis, U.S., 1:59.4; 2. ...

WOMEN'S 1500 METERS

1. Carl Lewis, U.S., 4:13.4; 2. ...

WOMEN'S 5000 METERS

1. Carl Lewis, U.S., 16:53.4; 2. ...

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1. Carl Lewis, U.S., 37:11.4; 2. ...

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1. Carl Lewis, U.S., 82:11.4; 2. ...

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1. Carl Lewis, U.S., 82:11.4; 2. ...

WOMEN'S 50000 METERS

1. Carl Lewis, U.S., 181:11.4; 2. ...

WOMEN'S 100000 METERS

1. Carl Lewis, U.S., 371:11.4; 2. ...

WOMEN'S 200000 METERS

1. Carl Lewis, U.S., 742:11.4; 2. ...

Mets Seal NL East; Phillies Fire Manager



A Mets mainstay, Darryl Strawberry, squeezes teammate Keith Hernandez in a familiar division-clinching meeting on the mound.

European Horses Fly In For Paydirt on U.S. Grass

NEW YORK — Once again, horses with mediocre form in Europe are piling onto airplanes to plunder America's richest grass races.

SCOREBOARD

Table showing baseball scores for Thursday's line scores and major league standings.

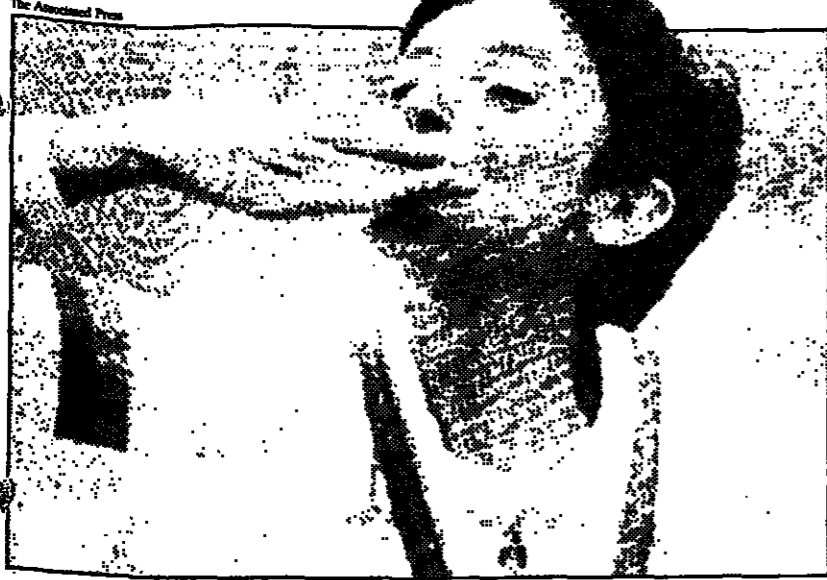
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SPORTS / 1988 SUMMER OLYMPICS



Rosa Mota blew a kiss to the crowd after her marathon victory. Poolside, Uwe Dassler of East Germany cheered his world record in the 400 freestyle, and teammate Kristin Otto acknowledged her fourth gold medal, in the 100 butterfly. Another East German, Ulf Timmermann, heaved the shot put to a gold medal.

Mota Wins Marathon For First Track Gold

By William Gildea

Washington Post Service

SEOUL — Rosa Mota of Portugal took the world's best women's distance runners on a tour of Seoul's expressways and streets Friday, then left them for a dash to use gold medal in the marathon she has come to dominate.

Mota, who won the world championship last year in Rome, pulled away from Anisrah's Lisa Martin and East Germany's Kathrin Dorrer as the runners passed tantalizingly close to the Olympic Stadium. But they still had to make a loop through neighborhood streets, and on that flat, final stretch, Mota demonstrated with a near sprint why she has won 10 of her 13 marathons, including the last two in Boston.

Her time for the race of 26 miles, 385 yards (42.2 kilometers), a time of 2 hours, 25 minutes, 39 seconds, was almost a minute slower than Joan Benoit's gold medal effort four years ago in the first Olympic women's marathon, was off her own three-year-old best of 2:23:29 and was well short of Ingrid Kristiansen's world best of 2:21:06. But it was 13 seconds better than that of Martin, the runner-up. The former student at the University of Oregon, was second in 2:25:52, while Kathrin Dorrer of East Germany won the bronze medal in 2:26:20.

And the spectators who lined the streets were treated to a thrilling tactical race that had Mota, Martin, Dorrer and the Soviet Union's little Tatiyana Polovinskaya running together much of the last half. Mota proved to be relentless, refusing to give away her lead. Once each, Dorrer and Polovinskaya edged ahead, but Mota took the advantage right back on the way to the first track and field gold medal of the Olympics.

"This was my hardest race," said Mota, the bronze medalist four years ago in Los Angeles, "because until the last four kilometers it was such a struggle. The people watching must have been excited."

None more so than her coach, Jose Pedrosa, who with just a few miles remaining reminded his 5-

foot-1-inch (1.5-meter), 99-pound (45-kilogram) runner with a shout. "It's downhill the rest of the way! Go fast if you feel good enough." All along the way, spectators offered polite applause and shouts of encouragement. Three miles after the runners took off from the Olympic Stadium like a thundering herd — two momentarily tumbled on the running track — they had spread out and come to the crest of a hill, the highest point on the extremely flat course. Norway's Grete Waitz, the silver medalist in Los Angeles, led for a time. But Mota surged ahead on the curving downhill off the bridge, and Martin and Dorrer went with her. Waitz faded and dropped out after two-thirds of the race, unable to go on after arthroscopic knee surgery last month. Temperatures had inched up to almost hot and humid by the time Mota had circled the track back in the stadium, waving triumphantly, in particular to Portuguese fans waving flags.

East German Defeats American With Record Last Shot Put

By Michael Janofsky

New York Times Service

SEOUL — By his own admission, Randy Barnes had been "sleep-walking" Friday through the first five rounds of the Olympic shot put competition, more in awe of the experience than providing some drama of his own.

"I don't know," the big Texan said. "I was technically unsound, real hesitant, and I was afraid of fouling. I knew I had to take some reckless abandon on my last throw."

And that he did. With an effort of 73 feet, 5 1/2 inches (22.418 meters) on his sixth and final throw, a personal best, he moved into the lead by 3 3/4 inches over Ulf Timmermann of East Germany, only for Timmermann to pass him by the same margin on the final throw of the contest to win the gold medal with a new Olympic record of 73-8 1/4.

Not for nothing is Timmermann the world record holder at 75-8. Barnes thus became the second consecutive American to win the silver — Michael Carter finished behind Alessandro Andrei of Italy four years ago — and Werner Guenther of Switzerland passed Udo Beyer of East Germany on the final round for the bronze.

It was quite an ending to a sensational final round, easily the highlight of the long first day of track and field that included only two other finals, one of them Rosa Mota's victory in the marathon.

In the other, Josef Pribilinec of Czechoslovakia won the 20-kilometer walk in 1:19:57, breaking the Olympic record by more than three minutes. He was followed by Ronald Weigel of East Germany in 1:20:00 and Maurizio Damilano of Italy in 1:20:14.

The rest of competition consisted mostly of preliminary events to

pare down, in some cases, unwieldy numbers of entrants. In the men's 100 meters, for example, 13 heats were necessary; in the men's 800, nine.

As impressive as Timmermann's final throw was, it might have been expected. In May, he improved the world record by six inches to 75-8, and, at age 25, he is just now moving into his prime, replacing the 35-year-old Beyer as East Germany's foremost shot putter.

Barnes, on the other hand, is 22, a youngster in the sport but with enormous potential and a personal best before Friday of 72-6 1/4. Having never competed against so many outstanding putters, he had reached a point on the final round that the challenge was more himself than the others.

"I knew I had to be reckless at the end," he said. "If I screwed up, it was over, and I wasn't going to be a medalist."

Guenther followed him on the round, and then came Timmermann, whose previous throw of 73-1 1/4 had given him the lead.

"People had been trying to congratulate me ever since that last throw," Timmermann said. "The last two had still to go. They can be better," he said. "I felt Barnes could be the winner. No one knows these things until the end."

When the winner landed, Barnes had only led for two minutes or so. "I'm impressed," he said of Timmermann's effort. "It takes a tremendous competitor to come back like he did. I didn't expect I would throw that far. When I was done, I thought I had it. So I'm very impressed by his part."

Jackie Joyner Kersee, who improved her world record in the heptathlon to 7,215 points at the U.S. Olympic trials in July, took the first-day lead with 4,264 points for the first four of seven events, but it

Otto Collects 4th Gold, Biondi Wins 5th Medal

By Frank Litsky

New York Times Service

SEOUL — Certainly, Matt Biondi of the United States attracted attention in Olympic swimming Friday night by winning his fifth medal — his third gold — and anchoring the United States to a world record in the men's 400-meter freestyle relay.

Certainly, Uwe Dassler of East Germany attracted attention by winning a wide-open men's 400-meter freestyle and breaking the world record.

And certainly, Mary T. Meagher of the United States attracted attention by qualifying last, then finishing next to last in the women's 100-meter butterfly, in which she has held the world record for seven years.

By the sixth of the eight days of Olympic swimming belonged to Kristin Otto, an East German of amazing versatility. She won the women's 100-meter freestyle Monday and the 100-meter backstroke Thursday, and Friday she won the 100-meter butterfly. No swimmer had ever achieved that triple crown in an Olympics or a world championship.

Otto has four gold medals here, including one in a relay, and she is not done. She will swim in the 400-meter medley relay Saturday, with a gold medal likely, and the 50-meter freestyle Sunday, with a medal possible but a gold unlikely. So she should finish with five gold medals and perhaps six medals in all. Biondi has two more events, too, and should finish with seven medals, four gold.

She barely qualified for the final in 1:01.48. In the final, she swam faster, but she was nowhere near her world record of 57.93 and has not been for years.

"I don't know," she said. "I was kind of shocked in the morning and surprised at night. I wouldn't be human if I didn't feel upset. It's hard to believe the world record was my race. It was so long ago. I'm a different person."

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"She is a fantastic swimmer," said Meagher, one of her victims. "She comes back night after night." East Germany, with opportunities to win nine medals Friday, won five. Two came in the butterfly, where Otto beat her teammate, Birte Weigang, in 59.00 seconds, an Olympic record. Meagher was seventh in 1:00.97.

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The only American medal of the night came in the relay, where a world record was expected and delivered. The team of Chris Jacobs, Troy Dalbey, Tom Jager and Biondi won in 3:16.53. They broke the 1985 world mark of 3:17.08 by a United States national team also anchored by Biondi. Here, Jacobs swam his leg in 49.63 seconds, Dalbey in 49.75, Jager in 49.54 and Biondi in 47.81.

Dassler's victory was no surprise because he was ranked No. 1 in the world last year. But the race was so close that in the last half-lap four of the eight finalists had a chance.

Matt Cetlinski of the United States took the lead at 225 meters and stayed there until 25 meters remained. In the drive to the finish wall, Dassler beat Damsan Arnavall, Dassler beat Damsan Arnavall of Australia by a foot, with Artur Wojdat of Poland another foot behind. Cetlinski faded to fourth.

Dassler's time was 3:46.95. He broke the world mark of 3:47.38 set by Wojdat last March in Orlando, Florida.

"I'm disappointed," said Cetlinski. "I'm numb. I could sense they were coming on me in the last 50, but I had nothing left. I gave it my best shot. I have nothing to be ashamed of. I'm not going to let it haunt me the rest of my life."

In the men's 200-meter breaststroke, Jozsek Szabo, the world champion from Hungary, beat Nick Gillingham of Britain in 2:13.52, the second fastest time ever.

The women's 100-meter breaststroke resulted in a major upset. Tania Dangalakova beat Antoaneta Frenkova, her Bulgarian teammate, in 1:07.25, an Olympic record. Favored Silke Hörner, East Germany's world champion and world record-holder, settled for the bronze medal.

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For Soviet Woman, a Vault to Victory

By Lawrie Mifflin

New York Times Service

SEOUL — Combining the elegance of a prima ballerina with the stunts of a circus acrobat, Yelena Shoushounova of the Soviet Union commanded perfect 10s in the floor exercise and vault Friday to win the women's individual all-around gold medal in gymnastics.

Shoushounova, 19, defeated Daniela Silivas, 18, from Romania by 79.662 points to 79.637, a margin of 25 one-hundredths of a point. Shoushounova needed a 10 on the last event, the vault, to win the gold.

Svetlana Bogunskaya, also of the Soviet Union, took the bronze. But it was the duel between the fiercely determined Shoushounova and the equally talented Silivas that captivated the audience.

By the luck of the draw, the two competed in consecutive order in the same group. With scores car-

ried over from the team competition, Shoushounova began the day with the lead.

She lost it on the first rotation, at the uneven bars, where Silivas scored a 10 with a high-flying routine. Shoushounova bounced back with brilliant performances on the next three events to catch up and then pass Silivas on the final event, the vault.

On the balance beam, Shoushounova brought a gasp from the crowd with the stunt only she performs, a twisting back flip out of which she lands not on her feet, but in a straddle position on the beam.

She got a 9.925; Silivas followed with a difficult routine that included two back walkovers performed without hands touching the beam, but she landed shakily on one and got a 9.90 score.

Floor exercise was next. The crowd was awed by Shoushounova's tumbling first, as she soared

high on her double flips and finished with a dynamic, dancing flourish for a 10. Silivas' dancing was more saucy than elegant, but her tumbling stunts were more difficult even than Shoushounova's.

Her second tumbling run ended with two back handsprings into a full-twisting back flip — and the moment her feet touched ground she sprang forward again, into a front flip. The crowd roared.

As if that weren't enough, she sprinted down the mat again and did the same sequence again. But the judges could go no higher; Silivas also got a 10.

So it was up to the vault. A score of 9.975 would have meant a tie for the gold; anything less and Silivas would have won.

Shoushounova has it in the bag," Peter Vidmar, the 1984 men's all-around champion from Los Angeles, said as he waited to watch the final event. "She's gotten nothing but 10s on her vault in this whole competition."

Shoushounova and Silivas do the same vault — a full-twisting Yurchenko — and Silivas, going first, did hers well enough to earn a 9.95 score and put the pressure on her Soviet rival.

Shoushounova pounded down the runway, hit the springboard, touched the horse with her hands and shot up into the air, twisting, somersaulting, then dropping to the ground.

There was nothing left to do but bask in the applause, and accept the gold medal.

The top American finisher was Brandy Johnson, in 10th place. Phoebe Mills, who started in sixth place, had a bad day, falling off the balance beam and stepping off the mat in the floor exercise, and wound up 15th.

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Yelena Shoushounova of the Soviet Union and Daniela Silivas of Romania tested their talents on the balance beam in the all-around event, narrowly won by Shoushounova.

Canadians Defeat U.S., But Abbott Pitches Well

Washington Post Service

SEOUL — The U.S. baseball team, which already had gained the medal round, lost Friday to previously winless Canada, 6-7, but accomplished its major objective: giving pitcher Jim Abbott some much-needed work in preparation for the crucial games ahead.

In his Olympic debut, Abbott showed the effects of a week's layoff with a bit of wildness in his intentionally brief start. Still, he stopped the Canadians for three innings, allowing four singles and walking two while striking out seven. The run scored while he was pitching was unearned. Then, after essentially a 65-pitch workout, he was removed with his team leading, 3-1.

"I felt a little bit chippy out there and it showed in my performance," said Abbott. "I wasn't real sharp. I feel real strong, it's just that I felt some inconsistency in my delivery, and I hope to work that out before the medal round."

The United States now has given its top three starters, Abbott, Ben

McDonald and Andy Benes, tune-ups before the two medal-round games, Monday and Wednesday. Monday's opponent, from the opposite bracket, has not been determined, but Japan from that bracket is favored to reach Wednesday's game for the gold medal.

The most disappointing performance was by Joe Sinsarski, in relief of Abbott. Sinsarski faced 10 batters, allowing four runs, six hits and a walk. Most of the damage came in a four-run fourth inning that gave Canada a 5-4 lead. The United States tied at 5 in the sixth, but Mike Milchin got stuck with the loss when a throwing error by second baseman Ty Griffin let in three unearned runs in the seventh.

Griffin, the Chicago Cubs' first-round draft pick, committed two errors in the ninth inning of the U.S. victory over Korea. His erratic play has been a concern to his coaches.

South Korea gained a semifinal spot in the exhibition tournament with a 2-1 victory that eliminated Australia.

U.S. Boxer Batters Foe, and Quiets Korean Fans

By Michael Wilbon

Washington Post Service

SEOUL — The South Korean fans sat quietly and applauded when the decision in favor of the U.S. boxer was announced.

Romalis Ellis recorded three standing eight-counts and battered Lee Kang Suk of South Korea without mercy Friday, giving the U.S. team a decisive victory in an Olympic lightweight bout.

Ellis, a 132-pounder, won a unanimous 5-0 decision although he was hit often in the first round. But he came back to register two standing eight-counts in the second.

On Friday, the U.S. coach, Ken Adams, told Ellis to control his opponent from start to finish and take the decision out of the officials' hands.

"After the eight-counts, I had no doubts in my mind," Ellis said. "I knew I had the fight from there." The fight could have ended in the second round, after the first two eight-counts, when the South Korean went down again. A third knockdown in the round would have ended the fight automatically, but the official ruled Lee had hit the mat as the result of a push, not a punch. Television replays seemed to agree, but not Ellis.

The ref said no knockdown and I started to go wild," Ellis said. "I hit him with a straight left, right to the jaw and set him down." Adams and Ellis said they were certain the referee was reluctant to stop the fight, and Adams screamed at the referee to stop taking his time when he halted action to wipe Lee's nose.

It was the fifth victory in a row for the U.S. team, which is 6-2 overall and has 10 fighters still in the tournament. The Korean team, considered one of the stronger going into the Olympics, has lost five of 12 fights.

Soviet fighters rolled along, with Konstantine Tsiou winning in impressive style by stopping Sean Knight of Barbados. The Soviet Union has won all 12 of its fights.

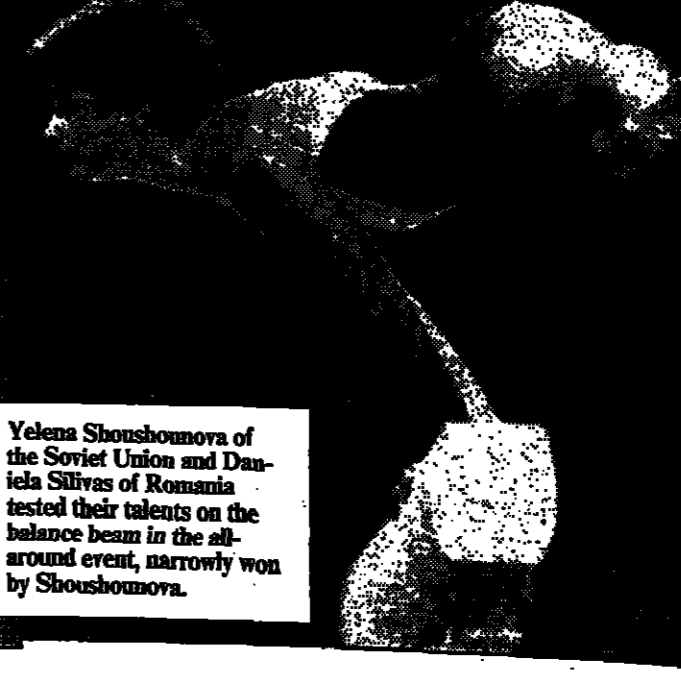
The organization's spokeswoman, Michele Verdier, said security was up to the host country, and the venues are under the jurisdiction of the international federations concerned. It is a sport matter. It is up to the federation to take the measures they are going to take.

Byun was suspended indefinitely from international competition for staging a 67-minute sit-in in the ring to protest his loss.

The English-language newspaper Korea Times, meanwhile, relegated mention of the melee to the seventh paragraph of its main boxing account, which began by saying Byun had to fight "two men — his opponent and the referee."

"However," it added, "the Korean officials who charged into the ring after the referee have no excuse to justify their reckless action." Other South Korean newspapers carried strongly worded editorials deploring the attack and saying it had brought shame to the country.

"We Koreans have lost something more important than gold medals through such an ugly act," said the daily Hankook Ilbo.



Joe Sinsarski in relief of Matt Biondi in the U.S. 200-meter breaststroke final. Sinsarski was replaced by Mike Milchin.

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